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THURSDAY MAY 26, 1949



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Butler Predicts Interstate Rate Solution Soon

N.A.I.A. Head Tells Texans of Progress in Other Vexing Problems

C. P. Butler, executive vice-president of National Assn. of Insurance Agents, reported on developments at the national level at the Texas Assn. of Insurance Agents meeting at Houston last week. He predicted that within a few days an agreement on the interstate rating problem will be reached and that N.A.I.A. will be revealed as having acted in a vitally important role in this matter.

Announcing the dissolution of the Casualty Acquisition Cost Conference in New York that day, Mr. Butler said that he hopes that at the Chicago meeting of N.A.I.A. in September there will be adopted a statement of principles governing the relationship and responsibilities between agents and companies, to which both will subscribe.

Act on Coercion

Mr. Butler said he hopes that at the Seattle meeting of National Assn. of Insurance Commissioners the question of coercion of insurance, particularly in connection with automobile financing, will be studied and the supervising officials will pronounce on it, individually and collectively. He expressed himself as in favor of the New York anti-coercion law.

Another development on which Mr. Butler expressed hope was that the matter of allocation of expenses for support of the National association by state associations will be removed from N.A.I.A. agenda at Chicago. "It seems to me," he said, "this question presents no unsolvable problem. It is a matter of agreeing upon what is reasonable, equitable and fair to all."

Mr. Butler referred to the inland marine commission increases in some territories by prominent companies and said he has asked for a meeting with company executives. Recalling the 1947 Atlantic City resolution, he said that if a protest against en masse commission reductions was proper then, the principle works both ways and en masse increases should be just as suspect. He assured his audience that, rumors to the contrary, N.A.I.A. has never advocated controlling commissions by law.

CRIME COVER

In his talk before the Texas Assn. of Insurance Agents at Houston last week, R. E. Vollriede, Chicago, assistant secretary Continental Casualty, emphasized the growth of crime since the end of the war and the opportunities which the insurance business is mulling both to increase its business and to serve the public by not selling the broadest forms of dishonesty insurance in sufficient amounts. He showed the new booklet on this subject which his company has just brought out and pointed out the many ways in which a business is wide open to dishonesty losses.

Depending on the type of bond and the amount of insurance, Mr. Vollriede said that fidelity rates in Texas have

(CONTINUED ON PAGE 17)

Weekend Tornadoes Wreak Havoc in Four Midwest States

Tornadoes striking four midwest states over the weekend caused insurance loss that may reach \$5 million, killed 46 persons and injured 250 others.

Hardest hit towns were Cape Girardeau, Mo., and Wood River, Ill., while there was extensive damage at Shelburn, Ind., in the area between and including Terre Haute and Vincennes, Ind., and at Somerset, Ky.

The force of the tornado was sufficient to demolish completely many structures. At Cape Girardeau, it is thought there will be more than 2,000 claims and the average amount there may be \$1,000.

Wood River, Ill., a small manufacturing town, may produce as many as 2,500 claims at an average cost as high as \$500. In Cape Girardeau and Wood River, many frame houses were completely destroyed, while others were lifted off their foundations, had roofs blown off, or an outer wall torn away. The Coca-Cola Co. plant at Cape Girardeau was demolished, and there was heavy damage to the Standard Oil Co. refining plant at Wood River.

Destruction in the Terre Haute-Vincennes area was not so severe. At Shelburn, there may be as many as 850 claims, but no estimate as to the average amount has been made.

A tobacco warehouse containing four acres of floor space, one of the largest in the state, was destroyed at Somerset, Ky., and the loss there is thought to be \$150,000. Other property damage in the town may raise the total to more than \$600,000.

Special Adjusting Crews on Scene

Western Adjustment and Underwriters Adjusting are rushing special men to the stricken cities and establishing special offices. The Red Cross has announced it will allocate \$500,000 for storm relief in the tornado-damaged areas.

March and April are regarded as the heavy windstorm months in the middle west, and the companies and adjusters had felt that the danger period was nearly over, with no severe loss. The only bad storm was one in January in Michigan. Tornadoes of such intensity in late May are unusual. While the loss of last weekend will not produce as many claims as the April winds of 1948, the violence of the tornado has caused a higher average loss.

HEAVY CROP-HAIL LOSS

Hailstorms over the weekend caused widespread damage in Texas, Oklahoma and Kansas, and early estimates indicate a loss of approximately \$1,250,000.

Grain crops are at their most critical stage now, nearly all of them being headed and the harvest only two weeks or so off.

A loss of this magnitude gets the hail season off to a bad start. Last year, Texas and Oklahoma provided satisfactory loss ratios, but now there will be a poorer experience in those states.

Bad Blow in Okla.

General Adjustment Bureau has put a price tag of more than \$1½ million on the property damage resulting from the tornado which struck Amarillo, Tex., May 15.

G. A. B. states that the tornado apparently came in from the southwest and caused terrific damage in a relatively small area. There was a considerable amount of accompanying hail, but from preliminary investigation, that hit only in a spotted area. The damage from hail

Middleton Again Heads Brokers

SAN FRANCISCO — George S.

Middleton of Chicago was reelected president of National Assn. of Insurance Brokers at the annual meeting here this week. Thomas Sweeney of H. Mosenthal & Co., New York, was elected vice-president; N. J. Birkholm of San Francisco was reelected vice-president; Roy H. Deben, Cosgrove & Co., New York, reelected treasurer and E. W. Sawyer, New York, secretary.



G. S. Middleton

Set Up Hospital Inspection Program

The National Board with the cooperation of American Hospital Assn., American Medical Assn., Assn. of Casualty & Surety Companies and National Assn. of Insurance Agents, will undertake a country-wide fire safety inspection of hospitals, with a view to preventing loss of life in hospital fire tragedies such as have occurred recently.

The National Board has appointed a special committee on hospital inspection headed by Perrin C. Cothran, Phoenix of Hartford, chairman of the board's standing committee on adjustments. Other members are chairmen of committees on fire prevention and engineering standards, W. B. Rearden, Loyalty group; construction of buildings, R. L. Tanner, New York Underwriters; statistics and origin of fires, D. C. Bowersock of the Boston; and public relations, John A. North, Phoenix of Hartford. The committee is to be enlarged to include representatives of the cooperating organizations.

It is estimated that the inspections will cover some 6,000 federal, state, city, privately-owned and voluntary hospitals.

has not yet been determined because of the emergency created by the tornado.

East of Amarillo in Potter county, there was a loss to buildings estimated at \$50,000. At Tradewinds Airport, the building and aircraft loss is estimated at \$350,000 and the Massey-Harris Equipment Co. loss is estimated at \$100,000.

No fires resulted from the tornado. Many automobiles were badly damaged and a Santa Fe freight train was blown off the tracks.

G. A. B. has dispatched a number of adjusters and extra clerical assistants to Amarillo and opened a temporary office at 708 West 10th street. Supervisor George W. Jordan and Tom S. Jones, storm supervisor, are both in Amarillo to render assistance.

A series of less severe and unconnected wind and hail storms in Oklahoma over the last weekend will result in another million dollar insured loss, according to G.A.B. It is estimated there are one thousand claims each in the Clinton, Enid and Tulsa offices, about 1,500 in Oklahoma City office and 750 each in Miami and Lawton, totaling some 6,000 claims, averaging about \$150 each.

Agents Hear Whitehouse

R. L. Whitehouse, manager at Ft. Wayne for Underwriters Adjusting, was speaker at the May meeting of Steuben County Assn. of Insurance Agents.

Texas Agents Break All State Meeting Attendance Records

Trimble Succeeds Fitzhugh at Gala Session at Shamrock

By J. C. O'CONNOR

Texas Assn. of Insurance Agents, with over 1,250 registered, broke the record for the largest registration of any state insurance meeting at the fabulous Shamrock Hotel at Houston last week. The turnout was a fitting tribute to the luxury of the surroundings and the spirit of the meeting, which was a combination of festiveness and a serious and aggressive interest in the future of the business appropriately climaxed by the prediction at the banquet of C. P. Butler, executive vice-president National Assn. of Insurance Agents,



R. R. Trimble



T. C. Fitzhugh

that a solution to the major problem of interstate fire rating would be reached in the very near future.

Retiring President T. Champe Fitzhugh, Waco, was given a great ovation at the closing session Saturday when Past President W. M. Keller, Palestine, presented him and Mrs. Fitzhugh with the customary scroll. The tremendous meeting, which taxed even the bountiful facilities of the country's newest and most luxurious hotel, was a tribute to his successful administration and to the efficient backstage work of Executive Secretary D. G. Foreman, Fort Worth.

Trimble Experienced Leader

Russell R. Trimble, San Angelo, went up from the vice-presidency to succeed Mr. Fitzhugh. Under the Texas association constitution, he will also act as state national director. A native of Belasco, Tex., and a law graduate of University of Texas, Mr. Trimble started in the agency business at San Angelo in 1919 with his father, B. L. Trimble, and has been with the firm continuously except for a period of 15 months during 1921 and 1922 as special agent with U. S. F. & G. Before becoming vice-president last year, he was chairman of the rates and forms committee and served two terms as president of San Angelo Insurance Exchange. His son, Bernard, is in the bond department of Fidelity & Casualty at Dallas.

H. F. Danvers, Houston, became the new vice-president and their apparent. New directors are Homer Terry, Fort Worth, the first C.P.C.U. to hold state office; P. D. Moore, McAllen, and T. D. Bailey, San Antonio. Holdover directors are J. L. Bergfield, Tyler; G. F.

(CONTINUED ON PAGE 15)

Bobo Goes to Helm in Miss. Agents Association

Annual Convention at Edgewater Park Draws More Than 325

More than 325 turned out for the annual meeting of the Mississippi Assn. of Insurance Agents at Edgewater Park.

Robert E. Bobo of Clarksdale was named president succeeding Felton L. Grubbs, Philadelphia. H. C. Roberts, Canton, was elected vice-president succeeding Mr. Bobo. The new state national director is E. H. Ruble of West Point, who succeeds O. Shaw Johnson, Clarksdale, who is vice president of N.A.I.A. Clant M. Seay was continued as secretary-manager.

Newly elected directors are Neville Allen, Laurel; David J. Brewer, Greenwood; E. V. Thomas, Biloxi; and W. W. Turner, Ruleville.

Grubbs Gives Message

In the presidential message Mr. Grubbs commended the workmen's compensation committee for its effective efforts in working out a smooth transition from employers liability to workmen's compensation insurance under the newly enacted law. He stated that even though the agents licensing law enacted in 1948 had been of some assistance in elevating agents' standards that further study should be given to possible amendment for making it a better law. He also commended the education committee headed by Harris Holland, Columbus, for its work particularly with reference to the sending of



Pictured above is Robert E. Bobo as he received the Mississippi association gavel signifying his election to the presidency, from Felton L. Grubbs.

practical lecturers each week to University of Mississippi and for planning the advanced agency management school to be held at the university July 19.

Ellis H. Carson, executive vice-president of National Surety, in his address asserted that by mutual discussion and interchange of ideas insurance men can find out what their needs are and how they can best be provided for so that the public "can secure the best of protection and service at the most reasonable cost."

"Whether at any time we are considering broadening or improvement of coverages, ratemaking or rating plans, simplification and economy of operations, let our emphasis be on production," he declared.

Commissioner White told the agents

(CONTINUED ON PAGE 23)

Cost Analyst Must "Sell" His Remedies to Executives, Subordinates, Says O'Toole

Great emphasis must be placed on securing the willing cooperation and assistance of the operating personnel in the establishment of a cost analysis program, said Edward F. O'Toole of O'Toole Associates, New York City management consultants, in his talk at the meeting of Insurance Accounting & Statistical Assn. at the Edgewater Beach Hotel, Chicago.



E. F. O'Toole

One of the most important benefits to be derived from any systematic development and presentation of cost data is the psychological effect on the key personnel, he said. When cost consciousness has permeated an entire company so that each supervisor, department head, and officer consistently applies cost thinking to every expenditure, then that company has made real progress toward a successful expense control program and the management is in a position to make informed decisions, based on sound knowledge of what costs have been in relation to benefits realized, he pointed out.

Logic Not Enough

This awareness of the human factor must also be borne in mind in presenting the cost analysis program to top management, Mr. O'Toole said. Technicians tend to concentrate too much on the development of the data, believing that the overwhelming logic of what they present will conquer all executive objection. This does not usually happen, because the chief executive is constantly besieged by suggestions and ideas from all subordinate executives. The cost analyst has to compete for the attention of the top executive.

Application of total direct salaries of a department against some relatively simple unit of expense measure that reasonably reflects the work of the department frequently highlights the possibility for dramatic savings in home office expense, said Mr. O'Toole.

A. & H. DISCUSSION

D. J. Schonberg of Mutual Benefit H. & A., conducting a panel discussion, spoke of the problem involved in completing the entry in the policy experience exhibit form sent out by the insurance departments headed "Rate of commission and expense allowance." The only company that can answer that question significantly is the one that pays a flat commission for all new and renewal premiums, he said. However, there is a variety of commission arrangements, including high first year, plus flat renewals; high percentage on initial payment, plus a flat renewal; medium first year or first payment with graduated renewal tapering off to a flat renewal collection fee; graduated percentage according to amount of premium in force or collected, and percentage factor plus a bonus allowance. Mr. Schonberg said the rate of commission can mean nothing if the amount of premium to which the rate is applied is not given. Mutual Benefit submits the information on the basis of an average percentage, dividing the commission paid by the premium paid on the individual policy form. The management believes this will be the most helpful figure to the insurance departments.

W. D. Hill, comptroller of Provident Life & Accident, elaborated on the problems involved in completing the A. & H. policy form exhibit in this first year that it is being required.

Provident L. & A. decided to file the

schedule on the written premium and paid claims basis, since this conforms to all of its internal statistics. Also, to report each individual policy with the riders attached to it as a single policy form. Massachusetts required special permission to file on the written-paid basis, and Provident had no trouble in securing permission this year. He expressed the belief that the written-paid basis produces a clearer picture than the earned and incurred formula, since all companies do not use the same method to calculate their premium and claim reserves.

Provident L. & A. found that there was a total of 8,251 practical combinations of individual policies and riders. Provident is issuing 99 forms of A. & H. policies and 104 distinct riders affecting coverage. There was looked up 488 cases on a policy that theoretically would produce 216 combinations. It was found that 93 of these combinations actually were in force. It is obvious why each policy form should include the riders attached to it.

To Report Average

In the rate of commission and expense allowance, Provident intends to report the average for each policy form reported. Provident will not report anything in this column on group A. & H.

The new policy exhibit, he stated, gives the same information as the casualty expense exhibit and schedule H, except that it calls for information by policy form, instead of by class and doesn't require a breakdown of expenses, but calls for the rate of field expenses for each policy form.

Provident feels that this exhibit will be of no assistance to it in developing cost of coverage, or in any other way. There are too many variables, such as territory, type of agency, etc., for any combined form to be of any value. Provident will keep its statistics in such a way as to give the management the information that it needs, regardless of any reports required by the states.

Inland Commission Is Being Upped

Commissions are reported going up on some inland marine lines, from 15 to 20% in ordinary and from 20 to 25% in excepted territories. While not yet of "war" proportions, one observer reports it has reached the stage where some producers are asking "bids" on I.M. business they have to place.

There is a trend toward companies here and there starting out on an individual course of commission schedules. One company is reported to have increased the commission five points on fire business.

Cal. Non-Resident Change

The Michigan agents particularly are pleased with the fact that Gov. Warren of California has signed a bill to permit the licensing of non-resident agents. In Michigan there is no broker classification. The California department ruled that Michiganders hence could not be licensed as non-residents in California because the California law specified that the non-resident must be a "broker." Insurance Brokers Assn. of California cooperated in securing this legislation.

S. C. Auto Rates Cut

Commissioner Murphy of South Carolina has announced a reduction in automobile physical damage rates. All changes are reductions with a few minor exceptions. The changes are effective June 1.

The bosses day luncheon of Insurance Women of Hutchinson, Kan., featured a quiz program with Edith Shrumm in charge. About 40 attended.

More Respectable Profit Needed in Fire Insurance

Capital Requirements Will Expand, Cowie Tells General Agents

NEW YORK—One of the most unusual of the peculiarities which distinguish the fire insurance industry from other businesses is that it has not yet made up its mind how much profit it makes, D. J. Cowie, U. S. manager of Pearl, said in a discussion of the fire company's margin of profit before American Assn. of Managing General Agents here.



D. J. Cowie

It might appear a serious indictment of both company management and supervisory authority—and it is certainly surprising—that an industry which has been firmly established for so long should not yet have arrived at a unanimous conclusion on so vital a subject. However, determination of exactly the profit a fire company makes is not simple.

Economy Will Expand

Mr. Cowie thinks that the American economy will continue to expand, and that there will be further call on the insurance companies for capacity. Yet the difficulties surrounding the making of a reasonable profit by fire companies make it very hard to get the needed additional capital.

He suggested also that unless a more adequate profit margin is allowed, the future prospects of the smaller companies will become obscure and the probability of a monopolistic trend will be enhanced. The public would be shocked if it thought there was any question as to the amount of profit made by fire companies, and the situation is not conducive to good public relations. At times it can be embarrassing, for example when a president is explaining to a stockholder that the company lost half a million dollars on a statutory basis but because premium income went up, it could be said that it actually made \$200,000 profit. He suggested a survey of public opinion to learn (1) what the public thinks fire companies now make in the way of profit and (2) what the public thinks the fire companies are entitled to in the way of profit.

Difference on Underwriting Expense

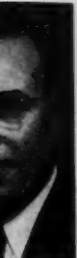
On certain factors which contribute to the calculation of a fire company's underwriting profit there is general agreement, for example, that premiums earned rather than premiums written should be the base for determining underwriting income; that incurred losses should be considered an outgo item, not paid losses, and similarly for loss adjustment expenses. It is only on underwriting expense that there arises a difference of opinion. These are incurred largely at the inception of a policy in way of commissions, taxes, inspections and other costs and to a lesser extent as the continuing expense of keeping the policy on the books until its expiration. The question is whether underwriting expense should be related directly to earned premiums or should be adjusted to reflect their incidence over the policy term.

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THE DAWN OF THE SECOND QUARTER
OF THE SECOND CENTURY

ANNIVERSARY YEAR
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1824 1949

We face the future with confidence encouraged by the support of our loyal Agency family whose contribution to our success over the years is gratefully acknowledged. We believe that high-grade Agencies eventually gravitate to companies of the same character, and in that light we are always desirous of making new friends and additions to our Agency representation.

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	WESTERN DEPARTMENT FREEPORT, ILLINOIS

Stott Warns of Danger of War on Commissions

Tells General Agents Possibility Is Closer Than Many Think

NEW YORK—With the disappearance of the acquisition cost conferences, the danger of a commission war is very real and perhaps much closer than many in the business realize, John C. Stott, Norwich, N. Y., president of National Assn. of Insurance Agents, said in his talk at the convention of American Assn. of Managing General Agents here.

At the last minute, Mr. Stott asked permission to change his subject, originally scheduled as "Creeping Socialism." He did so, he said, because of the potential seriousness of rate and commission wars. Already commissions in the inland marine business are going up, and immediate action is necessary.

It may be that agencies need more

commission to meet increased costs of operation, and if so that should be determined and the commission should be increased. However, Mr. Stott declared that there is no room for an unreasonable commission structure in the business, too high or too low. If commissions go too high, the companies will go to war. Agents will accept the profits and shop around to boost them further. How long in such a situation would it be before the government intervened?

Mr. Stott wondered how long agents could expect to retain unreasonably increased commissions. There would be immediate impetus for government investigation and, very likely, regulation. What would be the position of commissioners? The public will want to know why, if there is enough in the rates to permit squandering on a commission war, it doesn't get a rate reduction.

The business has had no fears in recent years on the score of solvency, but in event of a commission conflict, he does not believe that some companies could long survive. Before commissioners could act to put out the fire, much damage might be done. The biggest losers in a commission and rate war are the agents, he thinks.

Serious consideration should be given to the problem right now. Each one in the business — company executive, agent or general agent—should ask himself if he wants to assume the responsibility for introducing a practice that

may lead to industry destruction.

In New York companies did not choose to back the Mahoney legislation for regulation of concerted commission control by the industry, he said. The fire companies are trying to control commissions through rates, assuming a certain commission in making the rate.

Control can be established by government intervention, by the legal restoration of concert of action on commissions, in which case the agents want to protect their interest, or by private contract. If the latter, agents' rights must be observed. If the companies follow an individual, whimsical course, disregarding agency costs and other factors, then each company executive must assume full responsibility for his acts and their effects, he stated.

He urged company presidents, commissioners, general agents, and others to use their influence to carve out a cooperative course in the face of a very real danger. Whatever control is exercised, in the end commissions must be reasonable to the company and the agent; the agent must get his costs plus a fair return, the company must do likewise, and over-all the result must be fair to the public.

N.A.I.A. will continue its study of the commission problem and will produce a statement of basic principles governing the relationship between companies and their agents, he said.

Am. Mutual Alliance Holds Parley

About 125 attended the annual spring meeting at the Edgewater Beach hotel, Chicago, this week, of American Mutual Alliance. There were speakers that were authorities on many aspects of the business. Superintendent Dineen of New York was a headliner at the Tuesday morning session. Another speaker from governmental circles was Senator Anderson of New Mexico who, in private life, is president of Mountain States Mutual Casualty. Carl Jacobs of Hardware Mutual Casualty of Stevens Point was in charge as president.

The Monday speakers included E. N. Harriman, president of United Mutual Fire, who explained the difficulties in resolving the interstate rating problem in fire insurance; Insurance Director Hershey of Illinois, who extended a welcome; Chase Smith, counsel of the Kemper companies, who told of the efforts to produce a uniform classification of kinds of insurance and who stated that the divisions are badly confused and the problem needs attention; William Allen Richardson, editor of "Medical Economics," who reviewed the British national health experiment; Henry D. Locke, research director of Liberty Mutual, who analyzed social insurance legislation; Edward F. Connelly, manager at Boston for American Mutual Alliance, who covered the subject of unemployment compensation and Joseph P. Craugh, attorney for Utica Mutual, who treated the question of interstate rating in casualty.

Other speakers were Leslie P. Hemry, vice-president of American Mutual Liability, who spoke on the fair trade practice situation; C. Wayland Brooks, Chicago attorney and former U. S. Senator; H. W. Yount, vice-president of Liberty Mutual, who treated insurance problems in connection with war risk hazards; Ralph H. Wales, vice-president of American Mutual Liability, speaking on company educational program; Richard O. Bennett, traffic safety director of National Assn. of Automotive Mutual Insurance Companies; Garfield Brown of the law firm of Brown & Carlson, counsel for American Mutual Alliance, on

the fair labor standards act and Dr. Samuel Hayakawa, professor of semantics at Illinois Institute of Technology who told the results of a study that he had made of the phraseology of insurance contracts.

Gov't Agencies Agree to Seek to Prevent "Kickbacks"

WASHINGTON—Government agencies financing exports have given assurances to a Senate investigations subcommittee of the committee on executive expenditures that they will cooperate in efforts to prevent payment of kickbacks such as recent subcommittee hearings disclosed to have been paid in connection with marine insurance of shipments under the \$40 million government loan to Poland.

Economic Cooperation Administrator Koehler told the committee of such steps already taken by that agency under the McCarran amendment requiring American dollars to be made available for marine coverage on export to countries participating in the Marshall plan for European recovery. Officials of the Export-Import Bank, which made the Polish loan, committee representatives stated, will take similar steps.

After subcommittee Counsel William Rogers stated at the hearing that "some cases involving small amounts" had been found in ECA operations, Mr. Koehler said that agency tries "to take precautions." ECA is requiring from the insurer a supplier's certificate showing whether marine insurance figures refer to gross premium or net premium, he said.

Insurance companies concerned, Koehler said, are required to give the

(CONTINUED ON PAGE 24)



**HAPPY,
I'LL SAY
I'M
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Rhode Island to Fight California Conservator Decree

In answer to an inquiry from THE NATIONAL UNDERWRITER on the position of the Rhode Island department regarding the action of the San Francisco court in approving the request of Commissioner Downey of California for appointment of a conservator for the California branch of Rhode Island Ins. Co., Commissioner Bisson of Rhode Island replied:

"To date no communications have been received from examiner of this state or any other examiner participating to the effect that Rhode Island Ins. Co. is not solvent or financially stable."

Superior Judge Cronin at San Francisco, when denying the motion of Rhode Island to vacate or modify the orders naming the insurance commissioner as conservator, said that there is nothing before the court on which to base a ruling vacating the orders, and that the companies had a remedy in the code.

Conferences have been held between the opposing litigants and it is reported these conferences dealt mainly with plans relating to General Agencies of New York, Inc.

Officials of Rhode Island and Pioneer Equitable declared they would fight the case to the highest court in the land.

While no information is available as to the reaction of the other states to the California action, it is known that departments of other states have asked for and have been furnished copies of the proceedings in court.

One of the situations arising out of the seizure is that banks and lending agencies holding trust deeds on which Rhode Island policies are running, have notified the mortgagees to replace those policies with ones of other insurers. It is reported there has been a rush along this line and that, as a result, on properties thus situated there now are two policies of insurance in force.

Each of the orders of court naming Mr. Downey as conservator of Rhode Island and Pioneer Equitable, has this paragraph:

"It is further ordered, adjudged and decreed that funds in bank accounts located in California of General Agencies of New York, Inc.; or of U. S. Interstate Brokerage Corp., or of Anchor Agencies, Inc., U. S. Interstate Brokerage Co., U. S. Interstate Brokerage Corp. of Reno, Nev.; U. S. Marine & Foreign Securities, Ltd. of New York; U. S. Marine & Foreign Securities of Delaware, Pacific Interstate Brokerage Corp., Pacific Interstate Brokerage Corp. of Reno, or Pacific Interstate Brokerage Co. shall not be withdrawn from said bank accounts by any of said companies until the insurance commissioner of California, has determined, with the approval of this court, the amount of funds in such bank accounts belonging to or due respondent," etc.

Another paragraph decrees that all of the above mentioned companies shall make available to the commissioner all books and records in their possession relating to respondent companies' operations.

Accounting for Remittances

Still another paragraph requires the agency and brokerage companies to account to the commissioner for all remittances heretofore or hereafter to be made to the respondent companies.

In connection with the taking over the two companies Mr. Downey sent a letter to agents of Rhode Island and Pioneer Equitable and to brokers doing business with those companies in which he directs that no further business is to be written by those companies in California until further notice. Any authority heretofore given to any agent to commit the companies in any way to further contracts of insurance is withdrawn and cancelled.

All funds, return premiums, or other premium considerations for policies, collected or to be collected by agents and

brokers are received and held by them in their fiduciary capacity under the provisions of the California code. These provisions apply regardless of any contract or understanding between the agent or broker and the company or its general agent or otherwise.

Such fiduciary funds shall continue to be held in trust by agents and brokers pending their receipt of further instructions from the conservator. No agent or broker has authority to disburse any such funds except upon specific instructions from the conservator. This covers the return of all or any portion of any premium to an insured on account of

the cancellation of his policy or otherwise, or the use of any portion of such funds for the purchase of other insurance.

Agents are not authorized to cancel any policy of insurance heretofore written. Such cancellation can only be effected by written notice from the insured. Policies written in either company by brokers may be canceled by them, if such action is within their authority from the insured.

In the petition for a conservatorship reference is made to the reinsurance held by Rhode Island and the lack of information regarding some of the reinsurers.

The company's statement as of Dec. 31, 1948, shows that a total of 202 companies reinsured a portion of the business, for a total of \$15,861,873. Of these companies 67 were alien insurers.

As a result of conferences at San Francisco it is reported that the court will be asked to approve a plan whereby sufficient funds in bank accounts will be released by conservator to permit the general agents of Rhode Island and Pioneer Equitable to continue operations.

Richard M. Becker, special deputy commissioner, is in charge of the details of the conservatorship.



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FIELD

Conn. Field Club Names Griswold New President

Connecticut Field Club has elected as president, Henry G. Griswold, Fire Association; vice-president, Fred A. Miller, Liverpool & London & Globe; secretary, John A. Gray, Phoenix Fire; treasurer, Joseph A. Murdy, Atlas.

A. Morton Dexter, an active member for many years, was elected an honorary member and was presented with a magnetic fishing reel. Mr. Dexter recently retired from North America.

The club has postponed its annual outing, originally scheduled for June 6-7 to June 13-14 at Norwich. It inspected Wallingford May 24-25 at the invitation of the Wallingford Chamber of Commerce.

Inspect Canastota, N. Y.

The Syracuse division of the New York Fire Prevention Assn. inspected all mercantile buildings, schools, churches, and hospitals in Canastota.

Fred Mersinger was general chairman. At a public meeting the films "Crimes of Carelessness" and "Before the Alarm" were shown, after which Deputy Chief McNally of the fire prevention bureau of Utica spoke.

Launch Eastern Program

State Fire Prevention Assn. of Maryland, Delaware and the District of Columbia completed at Elkton, Md., its first town inspection with 46 field men participating. Prior to the inspection, William F. Bisette of Globe & Rutgers was elected as vice-president replacing J. G. Junior of Fire Association, who has been transferred to Newark.

Day Takes Seattle Post

Robert G. Day has been appointed special agent of the Loyalty group at Seattle, associated with Ormand Keller, district manager. Mr. Day joined the group in 1946 and has been underwriter.

Davis to Western Iowa

C. H. Davis, Des Moines, has been appointed special agent in western Iowa for Iowa Mutual and Iowa Mutual Casualty of DeWitt.

Forty-seven members of Tennessee Blue Goose were volunteer blood donors at the Nashville Red Cross blood bank. George L. Frank, former most loyal gander, distributed appointment cards. H. H. Corson of Davis, Corson & Bradford, is chairman of the blood donor recruitment committee.

The outing and "hatching" degree, or initiation of the Sacramento puddle of San Francisco Blue Goose is scheduled for June 17 at Yolo Fliers Club near Woodland. The annual meeting, banquet and entertainment of San Francisco Blue Goose will be held June 6.

Following an inspection of Cass Lake May 19, a number of members of Minnesota Fire Prevention Assn. enjoyed a weekend of fishing in lakes in that area.

Casey Kingman has been elected big toad of the Grand Rapids puddle of Michigan Blue Goose. Polliwog is Stanley Syrett; croaker, Sam Gray; bouncer, Robert Olman and keeper, Thad Troy.

Agents Back Traffic School

ST. PAUL—When Municipal Judge Otis suggested that a special traffic school be set up for juvenile traffic offenders, Insurance Agents Assn. of St. Paul promptly got behind the idea and donated \$250 toward the expense of such a school.

The insurance business of the Hyle Realty Co., Akron, has been taken over by the A. L. Smith general insurance agency.

MOTOR

Shows Cost of Modern Design

From Thomas D. Boyd of Lexington, Ky., special agent of the State Farm companies:

In your May 13 issue you have a piece on "Effect of Modern Design Not As Bad as Anticipated."

You cover Nash, Hudson, Chrysler. How about General Motors, the largest?

You are correct on the Hudson rear fender costing more but taking less time to install but look at the facts as taken from the National Automobile Parts and Labor Manual. The 48 Hudson rear fender costs \$26 to \$27.50; in '41, it cost \$19.75 so it has increased 30 to 35% in price. And to install, 2.3 hours now and 2.4 hours in '41, a saving of 6 minutes or 30¢ at \$3 an hour whereas in '41 it was nearer \$1.50 an hour, so there is no actual saving, the cost is more today on the installation.

Hoods and grilles may cost less on the Hudson but let's look at General Motors and Ford:

- 48 Buick, hood, \$54.00, 2.4 hours.
- 41 Buick, hood, \$39.75, .7 hours.
- 48 Olds, hood, \$29.90, 2.3 hours.
- 41 Olds, hood, \$23.00, 1.9 hours.
- 48 Buick grill, \$62.70, 1.2 hours.
- 41 Buick grill, \$55.95, 1.1 hours.
- 48 Olds grill, \$63.25, no given time.
- 41 Olds grill, \$37.85, 3 hours.
- 48 Pontiac grill, \$48.50, 2.1 hours.
- 41 Pontiac grill, \$29.50, 2.5 hours.
- 48 Chevrolet grill, \$51.60, 2.5 hours.
- 41 Chevrolet grill, \$15.60, 2.2 hours.
- 48 Ford grill, \$31.80, 3.3 hours.
- 41 Ford grill, \$12.25, 3 hours.

The cost is more in every case for the part and hours of labor required are greater in most cases and coupled with an increased rate per hour over 1941.

Another point is that you can hardly obtain parts at the list price shown and discounts allowed before the war are very rare on insurance claims. When you come to the '49 models the situation out this way is still worse in that no parts are available in any quantity and wire and express charges are added to the cost and in many cases the dealer has to get the parts taken off the assembly lines, a situation that should improve in three to four months barring strike difficulties.

All in all I think you will find repair costs are much higher generally due to design changes and higher production costs.

America Fore Soon to Have 116 Claim Offices

America Fore has opened new claim offices at Bakersfield, Cal., manager M. E. Willson; Baton Rouge, La., H. A. Clark; Beckley, W. Va., J. M. McInerney; Columbus, Ga., E. E. McBrayer; Davenport, Ia., L. A. Fray; Eau Claire, Wis., H. G. Burcalow; Parkersburg, W. Va., H. A. Klein; Pensacola, Fla., J. B. Griffin, Jr.; Portland, Me., V. A. Guy.

New offices are to be opened at Hempstead, L. I., White Plains and Newburgh, N. Y.; Toledo, Akron, Sioux City, and San Antonio.

The new offices and those contemplated, together with the ones which the group already has, bring the total claim offices countrywide and in Canada to 116.

Farmers Exchange Kan. Rally

Governor Carlson and Commissioner Sullivan were speakers at the annual meeting of the Kansas agency of Farmers Insurance Exchange at Wichita. W. J. Braddock, midwest branch manager, Kansas City, was in charge. Representing the home office at Los Angeles were R. J. Christman, vice-president and general sales manager, and F. E. Toal, vice-president and actuary.

MARINE

Sees End of PPF Unless Corrective Measures Taken

NEW YORK—Unless drastic steps are taken at once to correct the personal property floater and its underwriting and sale, changes may have to be made which could spell the end of the contract, Richard H. Bancroft, secretary of St. Paul F. & M., told American Assn. of Managing General Agents at its convention here.

One step already taken in the right direction is the increasing sale of the policy with a deductible. Even agents he said, got tired of the tremendous number of small claims. Agents must cease taking orders and start writing it as it should be written, he declared. Individual companies already have acted in unified effort may follow.

Lists Corrective Steps

Among the corrective measures he advocates for individual agents and companies are:

Make certain the policy is sold for the proper amount—don't let the premium insured wants to pay govern the sale. Appraisals are beneficial, as are intelligent, confidential investigations.

Confine solicitation to people who have nice things, take care of their property and aren't looking for a maintenance policy only.

Records show that some big writers of the contract in the larger centers have a much higher loss ratio than elsewhere—New York, Chicago, etc. Companies and general agents should study the records of such agents and take corrective measures.

Certain agencies have not paid attention to insurance to value. Consequently their business is subject to frequent small losses and a bad loss ratio.

No Accommodation Claims

There should be no accommodation claims paid. Finally, the educational campaign to sell deductibles should be continued.

If the business doesn't do its level best to correct the situation, the contract will be lost, he stated. That would be a black eye on the industry, indicating it can't keep its own house in order. If the business is written intelligently it will profit the agent and company and give the public the protection it wants and is entitled to.

New Directors at Hutchinson

New directors elected by Hutchinson (Kan.) Insurance Board are W. L. Kline, Fred Hulse, Ernest Woelagel, Jr., Arthur H. Lewis of Wade Patton & Co., and Paul Lewellyn, retiring president. Officers will be selected by the directors.

UNDERWRITERS NEW OPENINGS

Compensation Under.—Chicago.	\$600
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Commission Control Hot Topic Before General Agents

Happier Atmosphere Than at Meetings in Last Two or Three Years

NEW YORK—A happier atmosphere prevailed at the annual convention here of American Assn. of Managing General Agents than has been the case at con-



S. H. Richardson



H. C. Stebbins

ventions the last two or three years. The time of cancelled general agency contracts and inadequate market facilities seems pretty well past and the air of worry and apprehension was absent from the deliberations and festivities of this year's meeting.

A program of real excellence throughout was presented, but the hottest topic on the agenda was the question of commission control. John C. Stott, president National Assn. of Insurance Agents, hit the subject vigorously the first day, and Alfred Böhlinger, deputy New York superintendent, tackled it again Tuesday.

The department has been very much interested in the recent increases made by a number of companies in commissions paid on inland marine lines, Mr.

NEW OFFICERS ELECTED

President—S. Linton Smith, Raleigh, N. C.

Vice-presidents—Lewis R. Palmer, Topeka, and Carl N. Homer, San Francisco.

Secretary-treasurer—Herbert Cobb Stebbins, Denver.

Chairman executive committee—Sam H. Stewart, Tulsa.

Böhlinger said. Producers must receive fair and adequate compensation, but even their leaders recognize the dangers of unwarranted commission increases. The fact that commission rates have been raised by the companies without any apparent demand from the producers raises the question of whether rate structures for the lines involved are top heavy.

Examiners already have been put to work gathering the facts as to the extent to which inland marine commissions have been increased and as to the reasonableness of current rate levels in these lines, he said. If it is found that these rates contain unduly large margins, the department will take appropriate steps to effect a readjustment.

Department May Have to Act

If the department is required to take unilateral action in this matter, it will do so with regret, and particularly so because the Inland Marine Insurance Bureau has been doing an excellent job in establishing and maintaining a national rate structure for inland marine lines. On the other hand, if the practical op-

eration of the business demonstrates that the rates are excessive, the department will have no choice but to call for a reduction.

The department is keeping an eye on other lines beside inland marine, he added. This doesn't necessarily mean other rates are too high but it does mean the department is seeing to it that rates meet the standards set up in the insurance law.

He cautioned the industry against commission wars, which do no good to anyone but much harm to all. He pinch hit on the program for Superintendent Dineen.

Stuart H. Richardson, New York, made a statesmanlike presidential report to the general agents. He said he was shocked at the indifferent management displayed by company executives in the past two or three years, and added that he passed this judgment dispassionately. The companies have not sought the best qualified men to represent them in the field, and they haven't recruited the best qualified men into executive ranks, he thinks. There has been much brilliant leadership, and this brought the business through a trying period with so little damage.

It is not the general agent's fault if a

company will not get more capital when it needs it; or when his contract is cancelled by a company because a commissioner hints its premium writings are too great for surplus. He thinks companies were shortsighted in their attitude toward meeting capital requirements and writing the business that was pouring in. If there was too much business, perhaps the companies should remember the 1930s.

General agents themselves have been guilty of shortcomings, he added. They have shared in the increased premiums and have prospered. They have had no

(CONTINUED ON PAGE 11)



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Upper Peninsula Agents' Meeting Set for June 16-17

The summer meeting of Upper Peninsula Assn. of Insurance Agents will be held at the Ojibway hotel, Sault Ste. Marie, Mich., June 16-17. While the program details have not yet been completed by John P. Old, Jr., president, and committees, it is announced that there will be an "agents' only" session the afternoon of June 16. There will be a two-hour cruise through both the Canadian and American locks on the afternoon of June 16, culminating with a banquet at the hotel.

Fire and casualty field men and adjusters will direct the program June 17. Discussion topics will embrace legislation, including laws enacted at the re-

cently adjourned legislative session; automobile rates, agents' licensing and qualification laws, and local board problems in the upper peninsula.

An attendance of 150 agents and field men is expected.

Home Names Cook Resident Secretary in Carolinas

J. Carter Cook, manager of Home for North and South Carolina, with headquarters at Charlotte, has been promoted to resident secretary. He will also continue supervision over the southeastern farm and hail departments.

Mr. Cook joined Home in 1930 following several years with Florida Inspection & Rating Bureau and Virginia Rating Bureau.

Morrill Gives 4th Uniform Accounting Progress Report

The uniform accounting program as now in operation has made an auspicious beginning, and the chief problem presently is to maintain nationwide agreement on expense rules and keep instructions uniform, Thomas C. Morrill, New York deputy superintendent, stated in his address at the annual meeting at Chicago of Insurance Accounting and Statistical Assn. Mr. Morrill was making his fourth progress report on regulation 30 and the uniform accounting program before this body. He spoke before an audience of more than 500 that over-crowded the facilities of the Edgewater Beach hotel to hear a talk that has become a regular feature of the accountants' meetings.

Through its adoption by National Assn. of Commissioners in a form identical with regulation 30 of the New York department, the uniform accounting program has begun with complete unanimity among the states, Mr. Morrill remarked. The great danger is that the states might set up conflicting accounting rules requiring duplication of accounting records and bringing about bureaucracy at its worst. Such a situation would be a damaging blow to state regulation. The new subcommittee of the uniform accounting committee of N.A.I.C., appointed to consider proposals and questions relative to uniform accounting, provides an excellent means of correlating revisions and interpretations of the program. The fact that this machinery exists should encourage insurance departments to keep the national pattern as their own, Mr. Morrill declared, adding that strong considerations should deter individual commissioners from adopting conflicting rules or interpretations.

New York Will Follow N.A.I.C.

The New York department is ready to assume its share of responsibility for maintaining national uniformity, and in the future its procedure will be to follow the actions of N.A.I.C. rather than attempt to lead the procession. From now on, he emphasized, it would be fatal to the program for New York or any other state to insist on setting the pace. New York will abandon its right of individual, uncoordinated action in the field and Mr. Morrill urged that that policy be followed by other states.

Mr. Morrill reported that some interesting questions have been raised which forecast the probable extension of uniform accounting to the fields of premiums and losses. Proper handling of premiums and recoveries on excess of loss contracts, particularly in the fire business, is being debated. The argument has been made that this business is purchased for the benefit of a company as a whole, and both premiums and recoveries should be applied to the accounts of the company rather than spread by line of business. Some companies go so far as to treat such premiums as expense disbursements, while others enter them in the premium block as a reinsurance deduction and as a separate, lump item. Recoveries are often treated as lump credit to losses without allocation by line, even though the loss upon which recovery is made is charged into losses of the line in which it occurred. Still other accountants favor allocation by line of both premiums and losses on excess-of-loss business, but there is no agreement as to how such allocations, particularly as to premiums, should be made.

On the casualty side there has arisen the problem of certain types of claim expense which some companies believe should be properly charged as losses. These include legal fees, court costs and related items of expense under liability policies where defense on third party action is a benefit the policy provides. Mr. Morrill said that those who hold this

point of view contend that such defense is not claim adjustment expense, but simply the fulfillment of a policy contract and, therefore, a loss. This question is related to the allocated-unallocated expense problem and the make-up of statistical plans as well as the annual statement and experience reports.

Can Frustrate Efforts

If company accountants are not diligent in adhering to the fundamentals of the instructions and, rather, resort to arbitrary allocation, their figures will lack homogeneity with those of companies following the rules faithfully. The effort to obtain good figures will be frustrated and companies doing all they can to produce good figures will be deprived of benefits from the program because of the inaction of others.

On the other hand, a stop-watch technique of cost accounting is not called for, Mr. Morrill remarked. To require all companies to attain an equal degree of accounting refinement for annual statement purposes would be a serious mistake, if not impossible.

A sound middle course of careful observance of the rules based on a reasonable and intelligent understanding of the goals to be attained was recommended. Some careful cost analysis will be required, particularly where the departmental organization of a company falls across expense group boundaries. It will be necessary to divide salaries of multi-function employees and to allocate the costs of employees and departments serving more than one major line of business or more than one company in a fleet. The need is for commonsense methods of allocation, attuned to current conditions. The accountant should seek to avoid rule-of-thumb allocations and if he does so, will not need to fear being called to task by any insurance department.

Holland Tunnel Loss To Cost Insurers \$500,000

NEW YORK—The physical damage loss to the Holland Tunnel as a result of an explosion of a truckload of carbon disulphide will cost the insurers about \$500,000 or less, it is now estimated. This is under a \$60 million bridge and tunnel policy on Port of New York Authority tunnels and bridges, of which \$18,500,000 is applicable to the Holland Tunnel. The coverage has a \$250,000 deductible, which would indicate a total damage of approximately \$750,000 or under.

Although it is difficult to estimate accurately because of the wide distribution of coverage, one estimate places the physical damage loss on the trucks and their cargoes that were totally or partially destroyed in the explosion at close to \$200,000. There were nine total and 12 serious losses of trucks and cargoes. One huge truck was loaded with beef.

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SINCE 1797

Collier Heads Cleveland Board

Charles Collier, president of Hawley & Reed was elected president of Insurance Board of Cleveland by the trustees.



G. W. Phypers

Mr. Collier's great grandfather, George Collier, was the first president of Ohio Farmers Ins. Co. Charles Collier started with Ohio Inspection Bureau in 1919 and then was with the old Western Sprinkled Risk Assn. Since 1932, he has been with Hawley & Reed.

The new vice-president is Hugh K. Dawson of Dickinson & Co. Trustees that were reelected are: Henry Frankel and Charles F. Stewart. John W. Frazier is a newly elected trustee.

S. J. Horton was reelected executive secretary-treasurer for the thirtieth time and the trustees adopted a resolution of praise for his services.

George W. Phypers in his presidential talk, said there is a growing number of part-time agency and solicitor appointments, with several domestic mutual insurers being active in this direction. He urged agents to scrutinize applicants carefully. The insurance department is enforcing provisions in the licensing statutes relating to controlled business.

The membership now stands at 285, which is an all-time high. He spoke with satisfaction of the fact that there are eight C.P.C.U.'s in Cleveland.

American Plan Promotions

Mitchell L. Ross and William Donnelly, formerly assistant secretaries, have been elected vice-presidents of American Plan Corp. of Pennsylvania. This is an affiliate of the New York corporation of the same name, which specializes in handling automobile physical damage cover for financial institutions. The New York corporation is U. S. manager for American Fidelity Fire for this purpose, while the Pennsylvania corporation is U. S. manager for Rhode Island Ins. Co. and American Title & Insurance of Miami.

Emil B. Jurgensen was elected vice-president of the New York corporation and will be in charge of internal auditing. Formerly he was with Resolute Fire as a vice-president and previously had been comptroller of Providence Washington. Prior to that he was senior examiner in the Connecticut department. John F. Dalkin, formerly comptroller, was elected vice-president.

Henne Okla. Field Guest

E. A. Henne, vice-president of America Fore, was a guest of honor at an all day meeting of Oklahoma Field Men's Assn. May 17, at Twin Hills Country club.

General discussion from the floor indicated that conditions in Oklahoma were somewhat better than reported in other states except for the recent wave of tornadoes. To date, there have been a total of 35 of various intensity in Oklahoma this season, some of them accompanied by hail, which might affect extended coverage loss ratio adversely.

Considerable interest was shown in the report of T. Ray Phillips on the activities of the public relations committee, of which he is chairman. The activities have been aggressive and are bringing results. Don J. Tanner, state agent for Old Colony, presided.

R. B. King to Indiana

Robert B. King has been appointed special agent for Springfield F. & M. in Indiana to be associated with State Agents G. L. Heinz and J. A. Bawden

with headquarters at Indianapolis. Mr. King has had considerable training and experience in various departments of the Chicago office and as special agent in Missouri.

\$500,000 Loss at Elwood, Ind.

Hubbard Spool Co. at Elwood, Ind. was destroyed by fire early Tuesday morning, with a loss thought to be \$500,000. The loss to the Hubbard Spool Co. will be about \$300,000, while the remainder will be borne by Swihart Co., General Lamp Co., Koenigsflow Co., and Economy Tool Co. The structure was a

factory building and contained many patterns and dies.

Open Agency at Oak Park

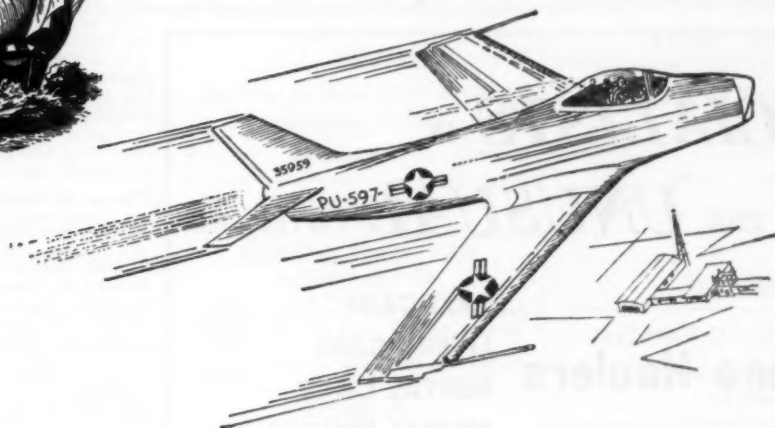
John R. Gillespie and Marshall S. Dutton have formed an agency at Oak Park, Ill. Mr. Gillespie had been for a year with the Rockwood Co. in Chicago and, prior to that, had been with Travelers there since 1941. He attended Illinois and Northwestern. He is a director of Insurance Brokers Assn. of Ill.

Mr. Dutton will be office and production manager. He was an engineering graduate of Illinois in 1915 and from

1929 to 1931 was an agent for Travelers. Since that time, he has been employed in an engineering capacity by the village of Oak Park.

Aetna to Get More Space

Aetna Fire is to get possession of the first floor quarters in its Main Street annex at Hartford June 1 when the branch postoffice located there for years moves to 49 Pearl street. Aetna is considering installing an additional floor and making part of the area available for a recreation room or assembly hall for employees.



The Years Between

The years between the clipper ships of old and the modern jet-propelled, supersonic ships of the air represent a full century. During these one hundred years tremendous advances have been made in every branch of science, in manufacturing, and in the matter of insurance protection. The Glens Falls has progressed from one company writing fire and transportation insurance only to a group which writes almost every important type of fire and casualty insurance. In addition, we offer to our agents facilities for the writing of policies which cover in the air, on the seven seas and across six continents. We feel that the Glens Falls Group has used to advantage the years between its founding and its 100th Anniversary.

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MODERN MANAGEMENT TEMPERED BY TIME

S. B. Hopps Denounces Cal. Blow; Dons Fighting Togs

Stewart B. Hopps, chairman of Rhode Island Ins. Co., at San Francisco, issued the following statement regarding the action of the California department in bringing about the appointment of a conservator for the California operations of that company:



Stewart B. Hopps

Last fall, the insurance commissioner of California, without submitting any examination report and without giving the company a hearing, ordered the Rhode Island Ins. Co. to retire from California and reinsure its business.

Immediately thereafter, the Rhode Island filed suit asking that the commissioner show cause and be restrained from taking any wilful or capricious act.

This Rhode Island suit never came to trial but was extended by mutual agreement from time to time while the Rhode Island insurance department and associated examiners from other states were completing an audit of the Rhode Island Ins. Co., and while the commissioners of the home office states involved; namely, Rhode Island and Indiana, were reviewing the proposed settlement and reinsurance agreements between the Rhode Island and the Pioneer Equitable.

In March of this year, the balance sheet review was finished and this official examination showed the Rhode Island to have a policyholders surplus in excess of \$2 million. In the same month, the commissioners of Rhode Island and Indiana approved the settlement and reinsurance agreements between the Rhode Island and Pioneer Equitable.

In April of this year, the insurance commissioner of Rhode Island advised that the Rhode Island Ins. Co. should be examined in accordance with the

state law which requires an examination every four years and at his request, the National Assn. of Insurance Commissioners officially called for the regular convention examination of the Rhode Island Ins. Co.

California Accepts Call

This call for examination which was in accordance with normal insurance commissioners' practice, was accepted by Rhode Island as the home office state, by Pennsylvania representing the east; by Florida representing the south; by Indiana representing the central west; by New Mexico representing the southwest and by California representing the Pacific Coast zone.

The examination started May 2 with all of the other states involved being present but with the California examiner being absent.

After waiting over a week, the state of Rhode Island officially queried as to the California examiner's absence and was advised by wire that he was delayed on another examination, but there was no indication that California was not going ahead as the official designee of the Pacific Coast zone.

In May the attorneys for California officially requested an extension of time for trial of the Rhode Island pending suit against the insurance department of California and the Rhode Island Ins. Co. agreed to such an extension believing that since California was joining all the other states in a regular convention examination, there was no necessity of the Rhode Island Ins. Co. worrying about independent action by California.

Taken by Surprise

Two days after the courts had granted an official extension of trial of the Rhode Island Ins. Co. suit and while the Rhode Island's hands were thus tied in connection with its pending court action, the insurance commissioner of California through another judge, obtained a conservator's order.

The complaint of the California department and the allegations as to insolvency made by the California department in order to obtain this conservator's order were in major part based upon allegations that the recently completed settlement agreement and reinsurance agreement between the Rhode Island and the Pioneer Equitable adversely affected the Rhode Island and that said agreements were made without the permission of the California department.

The Rhode Island Ins. Co. and its counsel maintain that the California department has no jurisdiction over the world-wide affairs of a corporation chartered and domiciled in another state and that the approval of the transaction secured from the insurance department of its home office state, Rhode Island, and from the home office state of Pioneer Equitable, Indiana, plus the approval of the directors and stockholders of each corporation was all that was required by law.

Constitutional Issue Raised

The Rhode Island Ins. Co. further avers that the order for conservatorship is completely unconstitutional and that this section of the California law was never intended for other than domestic companies since by its very terms it attempts to grant extra-territorial jurisdiction; further, the Rhode Island Ins. Co. asserts that it deprives a corporation of its assets without hearing and without due process of law as guaranteed by the fourteenth amendment to the U. S. Constitution.

There is being submitted to the proper courts, balance sheet prepared by independent auditors as of May 19, 1949, after giving effect to the Pioneer Equitable transaction, and showing that the Rhode Island Ins. Co. had assets of \$11,967,183.29 and capital, surplus and voluntary reserves (i.e., policyholders' surplus) of \$2,244,852. There is also being submitted to the courts, documents showing the audit completed

(CONTINUED ON PAGE 13)

North America Explains Reasons for Deviation

North America has issued a formal statement in connection with the action of the Pennsylvania department in approving its application for 15% fire insurance rate deviation on certain classes in the Philadelphia and Pittsburgh areas. The statement declares that the deviation among other things is based on North America's consistent policy of giving uniform treatment to agents for like services performed. Putting this policy into effect led to certain savings in operating costs, these being passed on to policyholders through reduced rates.

Reference is made to a statement made by President John A. Diemand in 1942 voicing the conviction that if there is sufficient redundancy in the rates to warrant the extension of certain privileges to one group of agents in a given status, as opposed to another group in the same status, such excess should be resolved in favor of the assured through a reduction in the rate. . . .

16 Get Huebner Foundation Insurance Study Grants

The S. S. Huebner Foundation for Insurance Education has just made the largest number of fellowship and scholarship grants in any year since its formation—16. The grants run from \$200 to \$2,000. They are to permit students to do graduate study in insurance for a Ph.D. degree to prepare for insurance teaching careers in colleges and universities.

W. F. Johnson Hanover State Agent in Minnesota

William F. Johnson has been appointed state agent in Minnesota for Hanover to take the place of Leonard Zell, who has gone into the Chicago western department as general adjuster. Mr. Johnson is a native of Minnesota and started with a general agency at Minneapolis in 1936. He has been with Hanover since 1938 as state agent, first in Illinois and then in Michigan.

Charters Are Broadened

Atlantic Mutual and Centennial have received approval of the New York department of amendments to their charters for multiple line underwriting as permitted by the recently-enacted law which becomes effective July 1. These, it is claimed, are the first companies to broaden their charters in accordance with the new New York law.

Royal-Liverpool to E. Orange

An application has been filed to construct a two story institutional building at 91 South Harrison street, East Orange, N. J., to house the New Jersey offices of Royal-Liverpool, which is now located at 744 Broad street, Newark. According to the plans, the building will be constructed at a cost of \$850,000 substantially along the lines of the Colonial Life building which recently was occupied when that company moved from Jersey City. The location is an apartment house zone. The Royal-Liverpool office there would employ about 200.

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General Agents Discuss Commissions

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worry about company solvency. But many unthinking ones have been greedy. They have pushed business on the companies far beyond the point of reasonableness. They have forgotten that they were "managing" general agents and being managers they have to give companies a profitable book of business or they are of no service. Some had drifted into sloppy underwriting and accounting practices.

The business is on the verge of transformation today, and years from now, those in the business may wonder why they didn't see it more clearly. Charles P. Butler, executive vice-president of National Assn. of Insurance Agents, said in an impromptu appearance at the general agents' meeting. A big thing ahead is multiple line underwriting, he said, and it is interesting to note that general and local agents already are trained in the multiple line approach.

RATE MAKING

Techniques of ratemaking change through the years, and will continue to do so, but the basic objectives remain unchanged, Joseph J. Magrath, Chubb & Son, stated. These are measurement of the probability of loss and determination of the expense costs for various units of risk with the addition of a profit factor to compensate capital for the risk of loss to which it has been exposed.

When dealing with classes of business for which there is ample past experience, the determination is of such questions as what are the best units for the basic measurement of risk exposure, how to classify them, how to evaluate them, and are the units on a comparable basis. Workmen's compensation is on a per \$100 of payroll, fire insurance on a percent of liability, and auto liability on a per car year. The unit for application of rates is not always the unit used for collecting experience data.

Methods of Classification

Methods of classification vary, he added. For example, w.c. is by industry or occupation and by state, fire insurance by occupancy, construction and protection, and automobile liability by use and territory. A w.c. law amendment changing benefits will materially alter results of experience indications. A conflagration may be fully chargeable to a given state, area or experience period, and a change in gas rationing seriously changes the exposure to accidents by automobiles.

The problem of experience credibility, he suggested, is solved by combining the results of a number of apparently similar classes to produce an adequate volume of experience and create a rateable class or one with substantial credibility. It is the classes without credibility that are hard to handle.

Expense statistics in ratemaking progressively are becoming more useful. In the casualty field, variations in expense loadings by class or kind of business long have existed, supplemented by gradations according to size of premium. In fire insurance, variations in expense loading have not been used appreciably, but this condition will change when competitive pressure is returned to the business, he thinks.

Among potential future changes in ratemaking practice would be one to vary the expense loading according to size of rate. A rate of \$1 today may have 50 cents for expense and profit loading while a rate of 10 cents would have an allowance of only five cents.

Thus two policies for the same amount of insurance may provide expense and profit loadings differing by 10 times because the loss provision and the rate so varies. Expense factors in a rate might well be composed of dollars and a percent of premium, the dollars to pay fixed expenses and the percent of premiums to pay those expenses that vary with premium size.

CAR VALUE PROBLEM

The average car age in 1941 was 5½ years, in 1947 it was more than nine years, E. A. Drews, secretary of Great American, said. At pre-war values, the cars would not have been worth insuring at all, but with inflation they acquired a very real value to their owners. However, to insure them on a comprehensive

basis and invite an avalanche of claims due primarily to wear and tear was neither feasible nor desirable, and comprehensive at present is being largely confined to cars not more than seven or eight years old.

Premium volume has gone up and experience has improved, particularly during the past year. Increased volume was due to rate increases and enactment of financial responsibility laws. The latter create insurance consciousness and increase demand for physical damage coverages, particularly collision. The big increase factor has been new car production.

Results have been profitable the past year except possibly in metropolitan centers. Here malicious mischief, vandalism and glass claims have been exceptionally heavy, and garagekeepers legal liability cover has presented difficulty. Lack of help and carelessness in checking out cars has created a bad theft situation in open lot storage places.

Mr. Drews does not think the general level of rates will increase, but believes

highway congestion will continue and that the scrapping of old cars to offset increased production is unlikely.

There is a trend upward in moral hazard losses, particularly on the older cars, he suggested. Questionable fire losses can be expected in times of unemployment or economic stress. Continued easing of credit restrictions may adversely affect experience because cars financed for long terms in the past have developed relatively high loss ratios.

His company recently experienced a loss under a dealers form 3 policy. Ten new cars were badly damaged by smoke. While there was no visible evidence of other damage, the claim for the removal and replacement of upholstery was substantial. Air Kem, a deodorizing process, was used and the loss was closed out at a nominal figure.

Collision losses are heavy and are increasing in severity. Present automobile design has contributed to this experience, he said.

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bility of management and should be accepted as a problem to be solved as soon as possible by the owners, H. K. Kramer, assistant vice-president of the Borden Co., stated. It should be worked out co-operatively between owners and employees. Nothing can be gained by delay. Superannuation problems increase, they do not become less with time. There are no real serious problems in operating a well designed pension program. The real problem is trying to live without one.

LOSS ADJUSTMENTS

Loss adjustments need preferred attention by companies and general agents, Thomas F. Buchanan, vice-president of the Aetna Fire group, said. He recalled that the commissioner of one state persuaded a company to sue insured for a substantial over-payment, and that an adjuster convicted of dishonesty and placed on probation for two years went back into business at the end of his probationary period and today is getting assignments from companies. Loss adjustment as a competitive weapon has no place in the business, he thinks.

Companies should have control over assignments of losses, Mr. Buchanan

said. In recent years local agents have largely usurped this authority. Companies should get prompt notice of loss, the general agent should have some say on the placing of losses. His own company keeps a list of approved adjusters.

Selection of Special Qualification

Selection of an adjuster should be of one especially qualified for the type of loss. Adjusters often lack knowledge of home office procedure, he said, and the general agent here can help by explaining why certain things are required. It would be helpful if adjusters understood the basic elements of underwriting. Following an assignment of a loss it is important that the general agent supervise and follow through. While most adjusters can handle the bulk of loss by themselves, when necessary, they should not hesitate to use experts, he thinks.

Turning over stocks to Underwriters Salvage is a matter of concern to the companies. That is a fine organization, but he doesn't think stocks should be taken over by companies unless necessary. The pressure currently is to turn the stocks to the companies. This is easy for adjusters to do but costly to the insurers.

State insurance departments are in-

creasingly active in joint audit of companies and are examining files with great care. They are questioning first notices. They are asking companies if certain payments are discriminatory, and Mr. Buchanan believes there should be more of such inquiries in the future.

Guiding Principles

Some means are needed to get information to adjusters about agreements within the industry to avoid arguments between companies on payments of losses. He is hopeful that the National Assn. of Independent Adjusters, which is gathering strength, can do this. Guiding principles have been worked out for certain situations, fire and fire, fire and inland marine, inland marine and casualty, and there is now being negotiated a casualty-fire statement of guiding principles. His suggestion that the formation of a committee on adjustment practices by the general agents would be very well received in company ranks was referred to the executive committee.

Mr. and Mrs. Richardson entertained at a cocktail party and buffet supper the Sunday before the opening of the convention, and the association was host at cocktail parties and buffet luncheons each day. As is traditional, Harold C. Conick, U. S. manager of Royal-Liverpool, was host at the cocktail party preceding the banquet. The F. P. Richardson general agency, New York, was convention host.

George Edmondson, Tampa, Fla., was on hand and in good spirits. He is having a checkup at Mayo's next month but doesn't regard himself as being seriously ill.

Multiple Location Is No. 1 Problem: Malone

The most troublesome problem facing the insurance business, the states and large insured, is finding a solution for rating multiple location risks, according to Commissioner Malone of California, who addressed the luncheon meeting of Risk Research Institute at New York. He said, at this point, no one is satisfied with the progress that has been made. The industry has failed to present any definite plan to which the commissioners can give complete approval. The state authorities lack power to formulate a plan of their own, and he expressed the belief that the state should not have that power. Continued failure to arrive at a solution constitutes a weak spot in the armor of state regulation. The industry must realize that in all probability, federal regulation would give a federal administrator the right to take definite action in such a situation. He expressed confidence, however, in spite of the unnecessary delay, that the problem will be solved in the very near future.

At another point he pointed out that there is an N.A.I.C. committee studying what might prove to be antiquated and outmoded laws on the licensing of agents and brokers. Each state no longer can be a dominion unto itself. If the statutes are a burden or a barrier to the agent or broker in transacting business over state lines, they are also unfair to the insured in that he must pay more for his insurance. These statutes must be brought up to date, eliminating the injustices and "streamlined" to meet the needs of the present method of doing business.

\$50 Deductible Explained

Frederick W. Doremus, Eastern Underwriters Assn., described the application of the \$50 deductible clause in the windstorm and hail peril clause of the extended coverage endorsement at the May luncheon of the New Jersey Insurance Fieldmen's Assn. The deductible as proposed is mandatory as to buildings and optional as to buildings and contents.

Stuyvesant Ups Helburn

Stuyvesant has named O. J. Helburn secretary in charge of losses. Previously he was claims manager. C. A. Stephens, comptroller, was named treasurer.

Ky. Agents Complete Regional Series

Kentucky Assn. of Insurance Agents wound up a series of regional meetings at Covington after covering Paducah, Bowling Green, Somerset and Lexington. Maurice G. Herndon, N.A.I.A. Washington representative, warned that Washington regards insurance as big business and insurance agents as parasites. He added that the public views the insurance business "with a jaundiced eye" and he could not understand why agents had to be importuned to join a national association which works for their benefit.

Other speakers included Martin Boedeker, Royal Exchange; Galen J. White, supervisor U.S.F.&G.; Norman A. Chrisman, Pikeville, N.A.I.A. executive committee member; Sheridan C. Barnes, Elizabethtown, state national director; Ernest W. Fall of Fulton, president; William Martin, fire marshal at Lexington; Hiram E. Redman, Ashland, vice-president, and Arthur M. O'Connell, president Cincinnati Board.

A resolution was adopted complaining that the change in the minimum premium in the single state reporting form from \$100 per policy to \$200 per account is a hardship for agents and smaller insured and urging the bureau to discuss such matters with the Kentucky association before such rulings are made.

Concerning the "letters for freedom" program Mr. Herndon stated he is entirely in favor of the principles behind it.

Chrisman Reports

Mr. Chrisman announced that if his health does not improve he would have to retire permanently from National association work. He said the recent changes in the New York office will effect economies. The New York office expanded considerably, he explained, because of the rapid growth of the organization and the revisions are expected to save the association about \$40,000 per year.

Mr. Fall urged the Covington agents to form a local board. There are but four boards in the state.

Mr. Boedeker, in his talk, observed that fire premiums in Kentucky have increased from \$12,524,000 in 1930 to \$35,883,000 in 1947 and casualty premiums went ahead from \$10,388,000 to \$39,076,000.

Mr. O'Connell was called upon unexpectedly and reported on Cincinnati events and Ohio legislation. He reported that the Cincinnati board took no definite action on "letters for freedom" because the members felt they could go too far afield in meddling in other matters that have no direct connection with the insurance business.

Talk About Scholarships

Steps are being undertaken to establish a scholarship at University of Kentucky for training in fire prevention and safety engineering, Mr. Martin reported. He said there have been demands for establishment of a self-insurance fund and he always takes pains to explain insurance principles to such advocates.

Mr. Redman declared the association is setting a goal of 500 members by the November meeting at Louisville.

First Four Months' Fire Losses Drop \$29 Million

Fire losses for the first four months of 1949 totaling \$242,858,000 show a decrease of \$29,660,000, or 10.9% from the same period in 1948. Each of the first four months has shown a decrease from the corresponding month of the preceding year. By months for 1949 and the two preceding years, fire losses are:

	1949	1948	1947
Jan.	57,926,000	63,010,000	57,180,000
Feb.	62,424,000	72,521,000	64,247,000
Mar.	67,218,000	74,236,000	72,435,000
Apr.	55,290,000	63,751,000	68,029,000
	\$242,858,000	\$272,518,000	\$261,891,000

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Stewart Hopps in Fighting Togs

(CONTINUED FROM PAGE 10)

by the Rhode Island insurance department in March of this year which disclosed capital and surplus over \$2 million and official letters from the Rhode Island and Indiana insurance departments approving the Rhode Island-Pioneer Equitable transaction.

Although the Rhode Island Ins. Co. wrote well over \$1 million in premiums annually in California, it maintained no branch in the state and operated through an agency plant. In accordance with normal insurance practice, these agents transferred their balances monthly to the Rhode Island's home office where said sums were properly invested.

Jurisdiction Over \$150,000

Thus, out of close to \$12 million in assets, the order creating a conservator for the state of California gave the insurance department of that state jurisdiction over less than \$150,000, the major portion of which consisted of accounts receivable and not yet due.

Since the Rhode Island Ins. Co. is not in conservatorship nor receivership in its home office state nor in any other state except California, and since the California department has no control over any assets outside the state of California, it is apparent that the insurance commissioner of California as conservator will not have sufficient funds to meet routine losses and return premiums nor be in a position to properly service the 150,000 some odd policyholders of the Rhode Island in California.

The court order as issued prohibits the Rhode Island from adjusting or paying losses; prohibits it from paying return premiums and prohibits it from serving these California clients in any way. The court order further specifically enjoins any California policyholder from interfering with the conservator or from entering suit against the Rhode Island or the conservator without prior approval of the court.

Seeks to Remedy Situation

As noted, the Rhode Island is taking every possible legal step to remedy this situation as well as to secure reparations and damages from the California department but meanwhile, there is no legal way in which it can, in California, meet its just obligations in said state.

The home office of the Rhode Island in Providence has available approximately \$12 million in net assets and many millions in reinsurance and via its home office, the Rhode Island is anxious to pay any losses and return premiums or to handle any endorsements or changes that may be necessary in connection with California policies. Legally, however, it appears that California assured will have to take their claims up outside the state of California and that settlement will have to be made outside the state of California; in fact, even this might be construed by the California commissioner as causing a California assured to violate a court order of the state of California.

In any event, the Rhode Island is doing everything in its power to rectify the situation at the earliest possible moment and it has ample funds to meet all claims of assureds via its home office and is anxious to do so.

Bezucha Talks at Temple

Robert C. Bezucha, San Antonio, special agent of Hartford Fire, spoke to the Temple (Tex.) Lions Club on "Service Beyond the Policy Contract."

Alex H. Pegues has joined the Hyde agency of Cleveland, Tenn., and the agency will henceforth be known as Hyde & Pegues.

Crawford Chairman, Mead Glens Falls President

G. Perry Crawford, who has been president of Glens Falls and Commerce



George D. Mead

and vice-president of Glens Falls Indemnity, has now been elected chairman of the three units. George D. Mead, who has been president of Glens Falls Indemnity and vice-president of the fire companies, has now been elected president of the fire companies as well.

W. M. Bowden has been named chairman of the executive and finance committees of all companies.

F. A. Roberts, formerly secretary, was advanced to vice-president of Glens Falls and Commerce, and E. B. Gill and M. M. Simpson, formerly secretaries of Glens Falls Indemnity, have been elected vice-presidents of that company.

Net premiums written during the first quarter of this year by the Glens Falls group amounted to \$12,012,517, which is an increase of nearly 15%. The consolidated underwriting profit was \$946,850 and net earnings after taxes were \$734,736.

Mr. Mead was born in 1898 at Scranton, Pa. He was a prominent athlete in high school at Hartford and got a job with Hartford Accident so that he could be catcher on its baseball team. At the end of the season he remained with Hartford Accident and advanced to the position of acting manager of the automobile department. In 1922 he was transferred to Pittsburgh as an underwriter and field supervisor, and in 1926 became manager at Columbus. He went with Glens Falls Indemnity when it was organized in 1927 as a home office underwriter. A year later he was made superintendent of agents and in 1929 when Commerce Casualty was organized as an affiliate, he became vice-president of that company. In 1932, Glens Falls Indemnity and Commerce Casualty were merged and Mr.

Mead became vice-president. In 1939 he was made executive vice-president and in 1943 became the president.

Mr. Crawford was born at Port Henry, N. Y., in 1889 and went to Glens Falls as a youth. He went with Glens Falls Ins. Co. in 1906 and made steady progress. He became special agent in eastern New York in 1919, assistant secretary in 1924, secretary in 1926, vice-president in 1929, executive vice-president in 1941 and president in 1943.

Mr. Roberts attended Syracuse University and joined Glens Falls in 1925 in the underwriting department at the home office. In 1926 he became special agent for eastern Pennsylvania and several years later became manager at Philadelphia. In 1942 he returned to the home office as a fire territorial superintendent of agents and in 1946 was elected secretary of the fire companies.

Mr. Gill attended University of North Carolina and went with Glens Falls Indemnity as manager at Dallas in 1930. He was called to the home office in 1933 as production manager. He was elected an assistant secretary in 1940 and a secretary in 1943.

Mr. Simpson joined Glens Falls Indemnity as home office claims superintendent in 1933. He became an assistant secretary in 1940 and a secretary in 1943.

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Malone Calls Parley on Pa. Fire Rates

HARRISBURG, PA.—Commissioner Malone has called a conference with Middle Department Rating Bureau June 1 to discuss state-wide fire insurance rates in Pennsylvania.

The rate probe, set in motion some time ago with the 15% deviation filing of North America for certain classifications in excepted districts, may result in subsequent hearings, with a general fire rate reduction in view, unofficial sources indicated.

Commissioner Malone was not available for immediate comment.

It was understood the conference invitation went to the rating bureau only. If hearings are scheduled the individual companies will be called in.

Plan Adjusters' Course

LOS ANGELES — Officers and directors of California Assn. of Independent Insurance Adjusters, at a meeting at Fresno, completed negotiations for a course, starting in September at University of Southern California, leading to the degree of insurance claims adjuster, and covering fire, marine, automobile, liability and A. & H. Dr. Don Skoles of the university and President Charles T. Green of the association, will have charge of the course.

A committee was designated to make

plans for opening a headquarters office at San Francisco, and for appointing an executive secretary. Plans were formulated to set up a major disaster program for the independent adjusters that would tie in with National Board's disaster plan.

A committee was named to investigate the possibility of securing group life and A. & H. for members.

While at Fresno, the group were guests of Underwriters Salvage Co. in its new warehouse and pickery.

Fire Halts Inspection

Inspection of Grand Ledge by Michigan Fire Prevention Assn. was interrupted by a fire which broke out during the main luncheon of the inspection program, at which Grand Ledge Assn. of Insurance Agents was host.

As many of the guests were members of the volunteer fire department, the luncheon was suspended for a half-hour while the blaze, in the Burt Lumber Co. yards, was extinguished.

Joins "Norbrit Guards"

Arthur F. Christ, general agent in the inland marine and special lines department of North British, has joined the "Norbrit Guards," having reached his 25th year of service with the company. He was presented with a set of matched golf clubs and a golf jacket by his friends and associates in the New York office. Mr. Christ also was guest of honor at a luncheon at which J. R. Cardona, secretary, was host.

N. C. Women's Groups Elect

Miss Gwyn Jones of Charlotte was elected president of North Carolina Assn. of Insurance Women at its convention at High Point, succeeding Mrs. Lola Pugh of Greensboro. Miss Katherine Pittman of Raleigh is vice-president; Miss Pearl Putnam of Charlotte, secretary; and Miss Bright Sedberry of Durham, treasurer. The trophy for the most outstanding work the past year was awarded to the Greensboro group.

Sam Levin Scheduled

Sam Levin, Chicago attorney specializing in insurance work, will be one of the speakers at the annual meeting of Illinois Fire Underwriters Assn. at French Lick Springs, Ind., June 15-16.

Md. Midyear Meeting

The midyear meeting of Maryland Assn. of Insurance Agents will be held at George Washington hotel, Ocean City, June 22-24.

Inspect San Marcos, Tex.

Alamo Field Club, San Antonio, with Harry Haucke, Great American, in charge, inspected San Marcos, Tex. M. B. McDonald, American, club president, stressed the importance of following up inspections.

Eugene Sanders, Texas state fire marshal, praised the inspection program of the field club.

Insurance Librarians Meet

Special activities have been arranged for the insurance group of Special Libraries Assn. at the annual convention at Los Angeles June 11-18. Heading the insurance group is Elizabeth Ferguson of Institute of Life Insurance. One of the features will be a tour of the new western home office of Prudential. On June 15, there will be an informal discussion along with the business and financial groups of effective work distribution, forms and form letters, automatic follow-ups, filing methods, special equipment to speed the work, duplicating processes, cutting typing costs.

Frank Durham of the W. W. Durham agency, Chicago, is serving as chairman of an insurance group for the horse show at Oakwood stables, Park Ridge, Ill., June 24-25, that is for the benefit of Mary Bartelme Club. He is assisted

by Mrs. Hugo Dalmar and Mrs. Earl Whitney of Chicago Insurance Distaff Assn.

Best Suggestion Ever

The largest award ever paid by American Surety for a suggestion made in the employee suggestion program was announced by President A. F. Lafrentz at the annual employee association dinner at Brooklyn, New York.

This award of \$500 was divided equally between W. A. Montgomery of Brooklyn and Harold J. Fallon of the public official department who made identical suggestions for the elimination of a card record which resulted in substantial savings. In addition, Mr. Montgomery and Mr. Fallon received the F. W. Lafrentz award of \$100 each for this idea which was considered the most valuable received during the suggestion year.

So. Mich. Puddle Elects

JACKSON, MICH. — Gerson R. Mordo, Loyalty group, has been elected big toad of Southern Michigan puddle of Blue Goose, succeeding Ronald H. Lange, Hartford. Other new officers are: Polliwog, Omer H. Ward, Underwriting Adjusting; croaker, Robert N. Gibson, Hartford, and bouncer, A. B. Paulsen, Continental.

It was announced that the field men's group is planning a state-wide golf tournament in Lansing in July, with a meeting intervening June 14 at Traverse City.

Magdalena Loss Paid

According to dispatches from London, marine insurers have now paid \$9,200,000 to Royal Mail Line for the loss of its luxury liner Magdalena, which broke in half after running aground off Rio de Janeiro April 26. The owners were refused an additional claim of \$800,000, until the actual loss of the equipment is determined.

Arnold Has Own Company

Alan F. Arnold has left his position as life department manager of Schiff, Terhune & Co., New York, and formed Arnold & Co., an insurance consulting firm which will work with general insurance brokers as their life department. Mr. Arnold expects also to train agents and place them with brokerage houses that need a full time man in their own life department.

Mr. Arnold had been with Schiff, Terhune for 30 years with the exception from 1925-31 when he was a Massachusetts Mutual agent.

Profit Meeting Held

National Assn. of Insurance Commissioners subcommittee on the underwriting profit formula held a closed one-day meeting at the Connecticut department last week and was to meet again at New York May 27.

Cal. Auto Rates Cut

Reductions in California auto liability rates effective May 23 amount to 9.7% on B. I. and 2.3% on P.D. Commercial rates, except for class 6, were reduced 15.4% for B.I. and property damage is unchanged.

St. Louis Wins Davis Cup

The Davis Cup award of U.S.F.&G. was presented to Manager Henry Bush of the St. Louis office at a gathering at French Lick Springs, Ind. The cup was put up in 1935 to stimulate friendly rivalry among branch offices.

Agents Need Knowledge

The need for disability agents to organize for protection of their business and their clients was stressed at the May meeting of San Francisco Assn. of A. & H. Underwriters by Harvey D. Quigley, Mutual Benefit H. & A., association president. He said the success of

the A. & H. industry depends on the disability agent, his conduct and his knowledge of the business.

He said the underlying purpose of the association is to gear the agent to the laws of the state and the laws of his company. Without a knowledge of the state code and the vital issues of the contracts themselves, he can not long remain in business.

Special guests were Frank J. Cash, vice-president and general manager of Associated Factors, and Paul W. Watt, vice-president in charge of the group department of Washington National.

Vetoes Colo. "Comp" Bill

DENVER — Gov. Knous has vetoed the bill to include workmen's compensation insurance in the Colorado general casualty rating law.

This amendment was a companion measure to a bill that was not passed which would have transferred jurisdiction of workmen's compensation rates from the industrial commission to the insurance department.

Bielaski Purdue Speaker

A. Bruce Bielaski, assistant general manager of National Board, addressed the opening session May 23 of the seminar and training course in arson detection and investigation at Purdue.

Correct Hardware Mutual Listing

The Hardware Mutual companies were incorrectly shown in the Automobile edition of THE NATIONAL UNDERWRITER under the group listing by premiums. Premiums of Hardware Dealers Mutual Fire were \$1,487,368 last year and not \$2,545,388 as reported. Mutual Implement & Hardware was incorrectly added to this grouping and the 1948 total premiums of the two companies should read \$18,638,746.

Myerson with National Surety

Allen L. Myerson, who has been in the statistical office of Institute of Life Insurance, has joined National Surety as an actuarial assistant. He will work under Comptroller C. G. VanderFeen.

Painesville Rates Reduced

Fire insurance rates on business and industrial property at Painesville, O., have been reduced slightly as a result of an inspection by the Ohio Inspection Bureau. The city is now in 5th class.

Blakesley to Home Indem.

Home Indemnity has appointed Robert W. Blakesley manager at Milwaukee. He was assistant manager for Continental Casualty in Wisconsin and earlier a special agent.

NEWS BRIEFS

Lloyd F. Tegge, local agent of Waukesha, Wis., was chosen chairman of the Wisconsin Young Republican Federation at the state convention and will have a seat on the executive committee of the state senior Republican organization.

San Antonio Insurance Women held a luncheon meeting in honor of past presidents, including Louise Powell Baldus, Doyle Rheiner, Helen Starcke, Clara Mergenthaler, Sally Nowlin Robertson, and Jo Ann Robertson Aten. Pam Powell was in charge.

Insurance Women of Dayton reelected Miss Rose Wilson as president; Mrs. C. W. Barnes, vice-president; Mrs. Vaughn Brock, recording secretary; Mrs. Dorothy Stephenson, corresponding secretary, and Mrs. H. G. Wolfe treasurer. The speaker was Joseph Ralston of Home whose topic was personal effects floaters.

DEATHS

G. H. Farquhar, 80, a retired insurance broker and past president of Washington Insurance Club, died at Pratt Hospital, Baltimore, where he had been a patient for two years. He was formerly associated with T. Janney Brown, in the life insurance business at Washington, D. C.

Porter Martin, local agent at Springfield, Mo., died.

WANT ADS

OPPORTUNITY FOR QUALIFIED PROCEDURE ANALYST:

Expanding, progressive midwestern insurance company has an opening for man, 30-45. Position requires the analyzing of existing procedures and creating new ones for a property fire company. Must have a college education, at least five years of experience in the field, and a complete knowledge of a property fire company operation. Please give all personal, educational, and work records. All replies confidential. Address U-46, The National Underwriter, Chicago 4, Illinois.

WANTED

In Chicago, young man with fire insurance experience in underwriter department. Please state age, experience and salary expected. Your reply will be held in strict confidence. Address U-45, The National Underwriter, 175 West Jackson Blvd., Chicago 4, Illinois.

Nationally known Service Organization requires competent general insurance Field Analyst. Must be familiar with Property and Casualty coverages and willing to travel in Great Lakes Area. Permanent position and attractive remuneration. State age, experience, education and credentials in confidence. Address U-47, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Large agency writing mutual fire company wants special agent to handle well established plant in Texas. State age and outline in detail experience. Address U-48, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FOR SALE

Old Established Mutual Fire and Casualty Agency located in Florida. Average yearly commissions \$20,000. Ground floor location, reasonable rent. Write Box U-50, c/o The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIRE FIELDMAN

for Wisconsin. Knowledge of Inland Marine lines desirable. Write, giving full history, photo and salary. Address U-52, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Texas Agents Break Attendance Records

(CONTINUED FROM PAGE 1)

Cox, Dallas; M. D. Ragland, Paris; and C. T. Smelker, Beaumont

The Texas agents are pushing hard for a stronger agency licensing law and this subject, sparked by the talk of Fire Commissioner Paul H. Brown at the opening session occupied considerable time at the business meeting Friday afternoon. There was also considerable discussion of windstorm deductibles, but the group came to no conclusions, as this is scheduled for a hearing before the insurance department June 2.

A. J. Wray, president Insurance Exchange of Houston, opened the meeting Friday morning with greetings, after which Mr. Fitzhugh gave his presidential address, pointing to the growth and prosperity of the insurance business under the agency system and calling for unity in meeting its many serious problems. He reviewed the history of insurance rating organizations in Texas, showing how organization and clear thinking brought order out of chaos. He was followed by Mr. Brown and R. E. Vollriede, Chicago, assistant secretary Continental Casualty, whose address is reported elsewhere.

Banquet Jammed

Following the business meeting Friday afternoon, the new directors met to elect Messrs. Trimble and Danvers. The dinner Friday drew such a crowd that even the huge Emerald room of the Shamrock could not handle it and there was a large overflow into an adjoining room. The only unfortunate note was that the crowd and confusion made it difficult for many to hear Mr. Butler, whose important address is published elsewhere in THE NATIONAL UNDERWRITER. Other than introduction of the new officers, there were no other speakers.

Despite the lateness of the dinner and

subsequent activities, a large crowd turned out Saturday morning to hear three speakers: F. S. Pearson, president Austin board, on meeting mutual competition; John C. Stott, Norwich, N. Y. president N.A.I.A. on "Creeping Socialism", and J. C. O'Connor, Cincinnati, editor "Fire, Casualty & Surety Bulletins" and associate editor THE NATIONAL UNDERWRITER, on future trends.

Past Presidents Dinner

There were 12 past presidents at the dinner honoring them Thursday night, the last of the pre-convention activities. W. L. Stiles, San Antonio, a charter member of the association, who served four terms with a 20 year interval—1899, 1900, 1919 and 1920—was the center of attraction. Mr. Fitzhugh spoke movingly of his pioneer services and Mr. Stiles responded with a vigor which belied his age. Other past presidents in attendance were H. A. Lawrence, Fort Worth; R. W. Thompson, Dallas; J. H. Chiles, Jr., Austin; A. D. Langham, Houston; T. S. Gillis, Fort Worth; F. C. Gittinger, San Antonio; B. A. Calhoun, Houston; E. C. Gambrell, Dallas; W. M. Keller, Palestine, and M. J. Miller, Fort Worth, now N.A.I.A. executive committeeman. Several of the convention speakers were introduced and Casualty Commissioner Joseph Gibbs spoke briefly but pointedly on the responsibility of the insurance business to the public and the need for thinking and action along national lines.

Cruger T. Smith, Dallas, president in 1915 and one of the Texas association's most respected elder statesmen, was unable to attend the dinner Thursday, but took a bow at the session Friday morning.

Mr. Brown, who was only recently appointed fire commissioner, made a

decided hit with his maiden address. He outlined the problems of his department division, largely brought about by the tremendous building boom in the state and came out strongly and emphatically for a stronger agency licensing law. On the first item, he pointed out that the rating section of the department is closely tied to building activities in Texas. During the past three years, the department has had to rate over 27,000 new buildings each year, which, plus remodelings, has meant over 33,000 new ratings, by far the greatest volume in the history of the department. The shortage of trained raters, on top of this unprecedented boom, has meant that the average city or village in Texas is about 10 years overdue for rerating. He appealed to the agents for help, both in urging legislators to provide increased departmental appropriations to secure personnel to do this work and also in notifying the department of annexations to municipalities, which have been a major problem in rating.

On the matter of agency licensing, Mr. Brown said that insurance laws are 50 years behind the medical practice act and at least 25 years behind laws regulating the practice of law, pharmacy, accounting, engineering and other comparable professions. He said that every day this section of the department received license applications from people who obviously intend to do nothing but use their licenses to write coerced business and brought the agents to their feet in cheers when he said there must be a legislative solution which "will eliminate this cancerous growth from the agency body."

In meeting mutual competition, Mr. Pearson said he makes much use of the 1942 Texas supreme court decision enjoining the Austin school district from insuring its property in a domestic mutual, on the ground that no political subdivision can lend its credit and the legislature cannot constitutionally authorize this. He distributed reprints

of the decision, which cites and quotes from Texas statutes making an assessment mandatory, regardless of policy provisions, if the surplus of a mutual drops below the minimum capital and surplus required of a stock company writing the same business. He said he also uses this feature to point out that stock insurance is standard protection, even in the viewpoint of the law.

Looks for Newspaper Clippings

Another point which Mr. Pearson stresses is the fact that mutuals write only 7.4% of all Texas business and this proportion has dropped from 9% since 1940, despite lower rates and dividends. He is constantly looking for newspaper clippings about people being sued for assessments, particularly local people. If he hears of a suit against an Austin resident, he asks the local papers to print the story and he uses this clipping file with effect. He also makes it a point to learn as much as he can about every mutual operating in his locality and its representatives and he keeps a file of their policies, so he can read the exact provisions and by-laws to a prospect. With county mutuals, he uses a letter from the insurance department stating that it has no authority over the forms and rates of these carriers. He urged agents to go out and aggressively sell stock insurance to people now insured in mutuals and not to wait for their business to be raided.

Mr. O'Connor pointed out that the tremendous growth of fire and casualty coverages makes the public far more conscious of the business and the political dangers of mistakes and not providing the public with what it wants far greater than before. He predicted a breaking down of the line between fire and casualty coverages, thanks to multiple line legislation, as soon as a buyers' market is established and warned that failure to meet the public demand for compensation of automobile accident victims can lead to monopolistic government funds.

FIRE and ALLIED LINES

Reinsurance

PRO-RATA and EXCESS OF LOSS

INTER-OCEAN REINSURANCE COMPANY

CEDAR RAPIDS, IOWA

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EDITORIAL COMMENT

No More S.E.U.A. History

During these days when everyone in the industry is concerned about cutting costs or saving time, we have a suggestion for speakers. For the past few years, many who have discussed rate regulation or related subjects have spent 20% of their speech time discussing the background of the S.E.U.A. decision, public law 15, or the long history of the case of Paul vs. Virginia.

It is now five years since the S.E.U.A. decision was made by the Supreme Court and everyone knows about it. If they don't know, we are inclined to

believe that it is now too late to tell them. Let's do away with the first 20% of these talks and get down to facts which plus opinions or ideas are what audiences are interested in. If anyone wants to know more about the S.E.U.A. case than that insurance has been interstate commerce since 1944 they can quite easily go to an insurance library and find out. In this way we can save 20% of the speaker's, stenographer's, typist's, and audience's time, 20% on paper, and save editors the task of performing historytomy.

Fractional Receivership

The action of the California department in bringing about a receivership for the California branch of Rhode Island Ins. Co. constitutes an eccentric and unheard-of departure and one that we fear contains the possibility of seeds of discord that could be menacing to the system of state supervision. We hold no brief for the Rhode Island Ins. Co. and are not undertaking here to champion its cause, but the idea that a state could or would place in receivership that portion of an insurance company's operations over which it could command jurisdiction, is shocking and depressing to contemplate. In the depression days when insurance companies were toppling over in considerable numbers, there was a mad rush to get ancillary receivers named in an endeavor to seize for the policyholders of an individual state assets that would provide more than a pro rata recovery for assured and claimants in that state. This caused such an awkward problem that there was brought into being, through the good offices of National Assn. of Ins. Commissioners, the uniform liquidation act that was put on the statute books of most states.

That problem, however, doesn't hold a candle to the kind of a situation that could be precipitated by the course of procedure such as California has instituted here. Commissioner Downey wanted Rhode Island Ins. Co. to leave the state. We suppose he exhausted the various possibilities open to him to effect such departure and failing to persuade the company to leave the state voluntarily or to effect a revocation of license that would stand up, he took the unprecedented action of getting a court order placing the California branch of Rhode Island Ins. Co. in receivership.

This introduces a type of situation that could be paralyzing to the insurance business, and completely disruptive of state supervision. Until now, receiver-

ship has been thought of as being akin to pregnancy in that it was impossible to be a little bit that way. Mr. Downey, however, has proceeded on the theory that an insurance company can be 1/48th in receivership. What is appalling to contemplate is the possibility of retaliatory laws being invoked and companies being subjected to receivership proceedings in one state so as to get even with the state of domicile of an insurer.

From a practical standpoint, a receivership for a branch of an insurance company in a particular state is an anomaly. The only assets to be seized usually will consist of the state deposit which is usually in a token amount, premiums receivable and any local bank accounts. These would ordinarily be insufficient to cover the liabilities unless the company would be willing and could find some way to make head office funds available to the receiver of the branch.

However, the fact that the mechanics of the situation are confounding is less disturbing than the fact that such a procedure was conceivable to any state authority. There have been plenty of commissioners throughout the years that have desired and have had reason to cause the departure from their shores of foreign insurers, and time and time again this has been accomplished either with or without recourse to court action and on other occasions, foreign insurers have been able to establish their right to remain in a state.

Rhode Island Ins. Co. apparently had decided not to back down in California. The question was whether it should be permitted to remain in the state and the issue was whether its license there should be revoked. Mr. Downey, it seems to us, has said in effect that if he can't bring about the departure of a foreign company by any other means, he will resort to partition of that company and place the California branch in re-

ceivership. Granted that Mr. Downey has had a terrific mad on for Rhode Island, we can't endorse the principle that when a commissioner's blood pres-

sure exceeds a certain point he shall be privileged to place a portion of a foreign insurance company that is within his domain in receivership.

PERSONAL SIDE OF THE BUSINESS

Paul A. Schmuck, who has just been retired by the America Fore group, was presented a life membership certificate at the annual meeting of St. Louis Blue Goose. He has been a member of the pond since 1915 and was most loyal gander in 1921-22.

William Murphy, general adjuster of General Adjustment Bureau at Newark, celebrated his 25th anniversary with G.A.B. He was manager at Newark seven years, until Jan. 1, and prior to that was eight years manager at Jersey City. He is past m.l.g. of the New York City Blue Goose.

Jule M. Hannaford, Jr., resident vice-president of Marsh & McLennan at St. Paul, has been reelected treasurer of the Minnesota diocese of the Episcopal church. He has also been named delegate to the triennial convention at San Francisco in September.

Comdr. Standish Hall, Wichita agent, was named executive vice-president of the Kansas department, National Reserve Officers Assn., at its convention at Topeka. **Lt. Col. Alpha H. Kenna**, executive manager of Kansas Assn. of Insurance Agents, was named chaplain.

Will J. Miller, one of the organizers of the Miller-Studebaker general agency, Topeka, has resigned as Kansas livestock sanitary commissioner, a post he had held for 11 years.

John E. Snyder of Milwaukee, state agent for North British & Mercantile, and Mrs. Snyder started off Monday on an extended motor trip to cover Arizona, California and other western states.

Benjamin Shalleck, whose campaign manager was **Abraham Kaplan**, counsel for New York Fire Insurance Rating Organization, was defeated in his campaign for election to Congress from New York City. The winning candidate was F. D. Roosevelt, Jr. **William H. McIntyre**, a claim supervisor for Metropolitan Life, placed third.

A. T. Seaholm, vice-president of Bowes & Company, Chicago, has sailed for England aboard the S. S. Queen Elizabeth. He will spend several weeks conferring with the company's London brokers, J. H. Minet & Co.

William A. Scanlon of Boston, vice-president of THE NATIONAL UNDERWRITER, underwent an abdominal operation at New England Baptist Hospital, Boston. There were no complications and it is expected that he can return to his home this week.

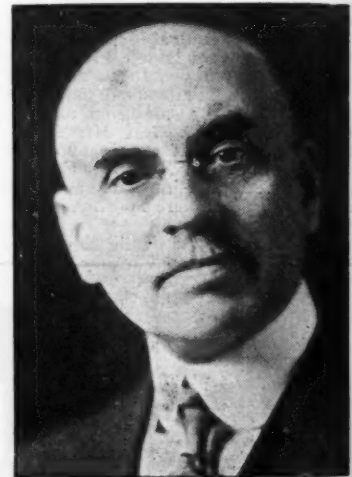
The 100th anniversary of the **Al. Ernst** agency of Alton, Ill., was celebrated at an open house during the afternoon with some 300 callers and a banquet attended by 68. The office was adorned with floral pieces. Among those at the banquet was Mr. Ernst's 83 year old mother; **George McKinney**, former owner of the agency and a grandson of the founder of the agency, and **Charles D. Kellenberger** vice-president of Millers Mutual of Alton, who is also a grandson of the agency's founder—Lew-

is Kellenberger; **Paul B. Cousley**, editor of the Alton "Evening Telegraph."

Toastmaster was **Milton H. Grannatt**, deputy U. S. manager of Royal-Liverpool. Also present from New York was **R. L. Tanner**, vice-president of New York Underwriters. There were several representatives present from the Chicago general agency of Conkling, Price & Webb, including **Larry Zonsius**. All of the companies in the office were represented. **E. E. Morgenroth**, on behalf of the office force, presented a portrait of Mr. Ernst. The companies in the agency presented a television set to Mr. Ernst.

DEATHS

W. H. Lininger, who retired in 1937 as joint western manager at Chicago for Springfield F. & M., died last week at Tucson, Ariz. He had been going to Tucson during the winters to be with



W. H. LININGER

his son, **Homer Dean Lininger**, who operates a hotel known as Lodge of the Desert, and an insurance and travel business there. He suffered a broken hip several months ago and there were complications. His eldest son is **Herbert K. Lininger**, who is state agent in Oklahoma for Springfield F. & M.

Mr. Lininger was born at Galion, O., Dec. 12, 1862 and in his earlier days, was a book and magazine subscription salesman. He went into Alabama and then Kansas as a book agent and then became a nursery salesman in Kansas. He started soliciting fire insurance for Springfield Fire & Marine, his commission having been dated March 31, 1885, at Beatrice, Nebr. Later he became a local agent at Fredonia, Kan. He entered field work in 1887 in Kansas and what was then Indian territory, serving

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from 1887. In 1892 he was named state agent with headquarters at Topeka. Later he became general agent for Kansas and Missouri. In 1911, he was brought into the Chicago western department of Springfield as assistant manager. He became joint manager of the western department with John C. Harding in 1921 and continued as such under the firm name of Harding & Lining until his retirement. Upon his retirement he was designated honorary vice-president.

William J. Kehoe, 45, attorney for London Guarantee 16 years and before that with Royal Indemnity, died at his home at Chatham, N. J.

Donald S. Montgomery, 62, for 32 years secretary-treasurer of Retail Lumbermen's Mutual of Wisconsin, died at Milwaukee after a long illness.

Fred W. Sundlof, 60, special agent in northeast Illinois for Hartford Fire, died at St. Francis hospital in Evanston two weeks after suffering a heart attack in his hotel room in that town. Mr. Sundlof entered the business in 1902 with Springfield Fire & Marine at Chicago. He was with that company until 1917 when he joined Hartford Fire as a field man. He was a native of Lindsborg, Kansas. Mr. Sundlof was president of the Illinois Fire Underwriters Assn. in 1937-38. One of his sons, Robert W., is special agent for Hartford Fire in north central Illinois at Peoria. Another son, Kenneth C., is an adjuster for St. Paul F. & M. at Chicago.

Walter S. Dearolf, vice-president and secretary of American Casualty and American Aviation & General, died in a



WALTER S. DEAROLF

Reading, Pa., hospital. He joined American Casualty in 1907 and subsequently was chief accountant, assistant treasurer, treasurer, secretary and vice-president.

Donald S. Miller, resident secretary and chief agent for Canada for Central Manufacturers Mutual, died at Polyclinic Hospital, Harrisburg, Pa., of complications due to high blood pressure.

Brisson Howie, partner in the New York law firm of Howie & Roberts, who died at his home at New Rochelle, N. Y., was a director of Hanover and Fulton.

Ralph Panacke, local agent at South Charleston, O., is dead. His widow will continue the business.

Henry Roth, 60, local agent at Jersey City, N. J., for 24 years, died at his home at Montclair.

Springfield Field Rally

Executives from the various departmental offices of Springfield F. & M. and field men throughout the country are gathered at the head office city this week for the 100th anniversary field gathering. There were a number of special events and this was a most gala occasion.

M. J. Spicer of Lenox has established a local agency at Lenox, Ia.

Predicts Interstate Rate Solution Soon

(CONTINUED FROM PAGE 1)

been reduced from 40% to 77% since prewar times. This will be a serious matter for the business, he said, with post-war losses mushrooming, unless adequate insurance is written. There is now, he pointed out, the ideal embezzlement combination of need and opportunity. The failure of white collar salaries to keep up with the cost of living presents a need which at least provokes sympathy, and there are always the less sympathy-provoking temptations of gambling, loose women, drink and slow horses. He quoted the late Clarence Darrow to the effect that boilers are neither honest nor dishonest, but will withstand a certain pressure and blow beyond that, and men are the same as to temptation. As to opportunity, no one should forget that almost every business is operated in a lax way, due to war time short cuts removing many logical checks which have never been reinstated.

Causes of Complaint

Insurance agents, Mr. Vollriede said, too often aided and abetted by their companies, have been guilty of a number of serious offenses against the public, many of which will eventually hurt them in public opinion. The sale of inadequate dishonesty insurance is a paramount failure. Too many bonds are sold for the minimum premium, in contrast to fire insurance practice of demanding the facts as to the amount at risk and writing full protection. Selling the wrong form, as an easy way out, is just as bad in Mr. Vollriede's opinion. There are too many individuals and name schedule bonds sold, where blanket protection is needed. He urged agents to protect themselves by taking the trouble to write down every limitation where the client will not buy complete coverage. Even where blanket cover is sold, it is too often under the blanket position form—which Mr. Vollriede called the multiple limit form—because this has a lower minimum amount and premium than the commercial blanket or aggregate limit form. While the blanket position form is proper for a few limited classes, for the average insured it is about as effectual as offering a dying man an aspirin tablet.

Pennsylvania Federation Elects Hadley, Thomas

At the annual meeting of the directors of Insurance Federation of Pennsylvania at Philadelphia, Samuel H. Hadley, supreme president of Protected Home Circle, Sharon, was elected president. John M. Thomas, president of National Union Fire, Pittsburgh, was chosen first vice-president.

Vice-presidents include: Dodd Bryan, general manager of the metropolitan department of North America; Frank D. Buser, Fidelity Mutual Life; Samuel J. Carr, resident vice-president of Standard Accident; William B. Corey, secretary-treasurer of Provident Indemnity Life; Stanley Cowman, Mather & Co.; A. M. Waldron, broker, all of Philadelphia; William M. Guthrie, comptroller Reliance Life; Edward A. Logue, special agent Insurance Co. of the State of Pennsylvania, both of Pittsburgh.

Tax Lien Is Barred

Superior Judge McKinley at Chicago has ruled that the states attorney is not permitted to file a tax lien against fire insurance proceeds of a delinquent property owner. The judge took the position that insurance, when paid for by a premium, is a personal contract and the state is not entitled to file a tax lien against the insurance proceeds.

The property owner was South Chicago Sash & Lumber Co., which recovered \$63,000 insurance as a result of a fire Feb. 11.

Barnard Named G.A.B. Manager at Los Angeles

General Adjustment Bureau has appointed Robert L. Barnard as manager at Los Angeles to succeed G. L. A. Lauer, who has resigned.

Mr. Barnard has been manager at San Diego. He started in 1921 with Western Adjustment at Cleveland. He subsequently served with Western as manager at Dayton, joining G. A. B. in 1928. In 1935 he was named manager at Fresno until his transfer to San Diego three years later.

L. J. Benbrook succeeds Mr. Barnard at San Diego. Mr. Benbrook has been associated with Mr. Barnard at San Diego since 1935.

Roland B. Wright has joined the San Diego staff. He attended Illinois Institute of Technology and has been with Western Adjustment since 1941.

Repair-Replace in Mich.

The Michigan legislature, which has now adjourned, has enacted a bill permitting the writing of so-called repair and replacement insurance. As originally introduced, it was modeled on the Wisconsin law which restricted such insurance to manufacturing plants, public buildings and sprinklered mercantiles.

As passed, however, the law sets up no restrictions and repair and replace may be written on any type of property. The liberalization, it is understood, was at the insistence of Commissioner Forbes.

Most of the companies are displeased at the enactment of the law permitting business interruption insurance to be written on a basis of determining the loss settlement on the profits of the preceding 12 months. This legislation, it is understood, was sought by certain specialty insurers that desired to write U. & O. on this basis for a particular type of risk. Even though the legislation is on the books, it is entirely unlikely that this type of cover will be written generally in Michigan.

Dr. Frederick M. Lash, superintendent of Rainier state school at Buckley, Wash., spoke on "Mental Deficiency, Its Causes and Consequences" at a dinner meeting of Insurance Women's Assn. of Seattle.

New officers of Insurance Women of Madison, Wis., are: Joyce Montgomery, president; Donna Lynch, vice-president; Maida Dunn, treasurer; Phyllis Nickerson and Pat McAfee, secretaries. Members of the Insurance Women of Milwaukee were guests.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago.

	May 24, 1949	Div.	Bid	Asked
Aetna Casualty	3.00	85	87	
Aetna Fire	1.80*	54	56	
Aetna Life	2.50*	53 1/2	55	
American Alliance	1.10*	23	24	
American Auto	1.60	45	47	
American Casualty ..	.80	12	13	
American (N. J.)70	17 1/2	18 1/2	
American Surety	2.50	58 1/2	60 1/2	
Boston	2.40	65	67	
Camden Fire	1.00	20	21	
Continental Casualty ..	2.00	54 1/2	56	
Fire Association	2.50	60	62 1/2	
Fireman's Fund	2.60	78	80	
Firemen's (N. J.)50	16 1/2	17 1/2	
Glens Falls	2.00*	49	50 1/2	
Globe & Republic50	9 1/2	10 1/2	
Great Amer. Fire	1.30*	31	32	
Hanover Fire	1.40	31	32 1/2	
Hartford Fire	2.50*	125	127	
Home (N. Y.)	1.30	28	29	
Ins. Co. of North Am. ..	3.50*	105	107	
Maryland Casualty ..	.50	13 1/2	14 1/2	
Mass. Bonding	1.60	25 1/2	27	
Merchants Fire, N. Y. ..	1.15*	27	28	
National Casualty	1.45*	26	27	
National Fire	2.00	52 1/2	53 1/2	
New Amsterdam Cas. ..	1.20	29	30	
New Hampshire	2.00	43	44 1/2	
North River	1.20*	24 1/2	25 1/2	
Ohio Casualty	1.00	49 1/2	Bid	
Phoenix, Conn.	2.00*	84	86	
Preferred Accident		3 1/2	4 1/2	
Prov. Wash.	1.40*	33	34 1/2	
St. Paul F. & M.	2.25*	81	83	
Security, Conn.	1.40	33	34	
Springfield F. & M.	1.90	44	46	
Standard Accident	1.45	33	34 1/2	
Travelers	22.00*	637	647	
U. S. F. & G.	2.00*	52	53 1/2	
U. S. Fire	2.00	59	61	

* Includes extras

Ford to Chicago; Miller to Mich. for Prov. Wash.

Providence Washington has transferred Orrin J. Ford to the western department at Chicago to become field supervisor.

Earle A. Miller has been transferred from the Chicago office to Detroit to become state agent in charge of the Michigan field replacing Mr. Ford.

Alamo Blue Goose, San Antonio, held a picnic at Seguin, Tex., with about 100 present.

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A graduate of the University of Rochester . . . Letterman in two sports . . . Pilot in U. S. Air Force in World War I . . . Aetna Representative for 26 years . . . Persevering, systematic salesman . . . G. Cyrus Bishop has the following to say about the Aetna's Home Office Casualty and Surety Sales Course.

"After 26 years in the insurance business, I am convinced that the best investment I ever made was the time and money spent in 1934 attending the Aetna's Home Office Casualty and Surety Sales Course.

"At that time, I had been in the business eleven years and found my volume levelling off. After attending the Sales Course, my volume doubled in the next six years. In the following nine years, it doubled again. I still use the basic principles of selling taught in the school. They seem to inspire confidence and result in sales. I recommend the Sales Course to everyone who would sell Casualty insurance."

— G. Cyrus Bishop

AETNA CASUALTY AND SURETY COMPANY



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Accountants Throng to Chicago Rally 800 Strong

Reg. 30 and Related Problems Cause Huge Gathering of Statisticians

John Stuart, assistant treasurer of Employers Casualty of Dallas, was elected president of Insurance Accountants & Statistical Assn. at the annual meeting at Edgewater Beach hotel, Chicago.

The meeting came close to being stupendous. There were about 800 reservations, the very large attendance being attributable to regulation 30 in the fire and casualty business, which provides for the uniform classification of accounts and that raises absorbing and perplexing questions. There were companies that had as many as 10 members of their accounting and statistical departments on hand.

The complexion of the organization has undergone a radical change. It was formed in 1928 as an outgrowth of a small group of life insurance men that had been gotten together in central Illinois by the representative of International Business Machines and that was converted into a formal organization largely under the influence of James Crow of National Old Line, who was then with the Illinois insurance department, and who died in March. He was the first president.

Fire-Casualty Preponderate

For many years the organization was composed almost entirely of life insurance interests, but with a sprinkling of casualty and fire people, mainly mutual. Today the fire and casualty interests preponderate although there was a very substantial representation of life insurance people.

The 1950 meeting will be held at Statler hotel, Boston.

At this meeting a separate A. & H. section was established.

J. S. Pieringer, Jr., secretary of Commercial Standard of Ft. Worth, the outgoing president, was made chairman. Vice-president for life insurance is George Hamilton, Phoenix Mutual Life; for casualty, J. A. Mills, Lumbermen's Mutual Casualty; fire, W. H. Crawford, loyalty group, San Francisco, and A. & H., R. A. McIver, Washington National. Secretary is L. J. Hale, Kansas City Life.

New directors are W. L. Wheeler, Central Manufacturers Mutual; K. M. Hills, American Mutual Liability; E. L. Brandt, Auto Owners; O. C. Moffatt, National Retailers Mutual; Ralph Kenyon, Northwestern National Life; E. Shaw Skillings, Allstate; A. H. Benson, Lumbermen's Mutual of Mansfield and A. J. Schnese, North American Accident.

Message from Kemper Leader

At the opening session, an address by Francis John Hurley, general attorney of the Kemper companies, substituted from James Kemper, head of that organization, in extending greetings. He said that the accountants and statisticians are rapidly taking over the insurance business. Management can scarcely make a move these days without being fortified by the statisticians. Facetiously, he asked, whether the growth of the

(CONTINUED ON PAGE 28)

Reassure Insurers of Safe Controls in Radiation

NEW YORK—About 225 company executives, underwriters, attorneys,



William Leslie

claim men and engineers at lectures and demonstrations here were reassured by atomic energy commission as to the safety with which radioactive materials are being handled. Most of those who attended were casualty representatives, although a few fire people were on hand and one from a life

company. The meeting was sponsored by the joint casualty committee on radiation, headed by William Leslie, National Bureau of Casualty Underwriters. He acted as chairman. Ralph R. Boyer, assistant to the controller of atomic energy commission; William J. Satterfield, Jr., chief of the insurance section, and L. J. Deal of the applied biophysics branch arranged for the speakers.

Atomic energy experts emphasized that the industry had been and should continue to be the safest of any in the country. One commented that electricity also is dangerous and has to be handled and used with caution. Radioactive material has produced apprehension because it is new. It, too, is proving to be of increasing peacetime usefulness.

Don't Hesitate to Write Business

As a matter of fact, there is little or no reluctance to writing users of radioactive materials. Insurers are concerned that users apply proper controls, and they determine this by inspection. So far as is known there have been no losses of consequence under general liability or payments under workmen's compensation. The establishments at Oak Ridge and elsewhere are operated under contract with the government and are insured for W. C. and general liability. Usually the insurance is by individual arrangement and amounts in effect to a reimbursement for losses sustained, with a pickup of cases that may develop over a long period.

The joint committee furnishes member companies with lists of users that it gets from atomic energy commission. The insurer checks to see if one of its insured is on the list and then generally inspects to see if the user is living up to safety regulations.

Many Isotope Users

Dr. Nathan Woodruff of the AEC isotopes division, Oak Ridge, Tenn., reported that up to March 31 shipments of radioactive materials had been made to users in all but about 10 states, the most frequent shipments to heavily populated ones. For example, California has received 503 shipments. Internationally, 28 countries have received chain radioactive materials.

AEC furnishes such materials to medical institutions, for use in animal husbandry and plant studies, in chemical and other research, in bacteriology, and for other industrial purposes. An oil company is using the material to test wear on an automobile cylinder.

Materials are issued to participating institutions under certain safeguards. The user assumes legal responsibility for protection of the isotope, has a man on hand trained in the use of radioactive materials, has adequate health equipment and facilities, and uses the material through a local iso-

tope committee. The user assumes legal responsibility for injury that may occur in the handling or use of isotopes. The isotopes can be used only for the purposes authorized by AEC and the institution must comply with all established governmental safety regulations. AEC now is working out a schedule of safety regulations which will be published in the Federal Register. The user must permit inspection of his facilities, keep records showing possession and disposal of the material and publish results of its investigations.

Materials and Their Uses

Some of the radioactive materials and the uses to which they are put were detailed by Dr. Woodruff. Radioactive sodium is used to follow circulation in the body, radioactive carbon for studying cancer producing agents, radioactive iodine to help doctors diagnose thyroid conditions and brain tumors. Radioactive cobalt 60 is frequently used in place of radium because of its inexpensive production. Radioactive gold is used in treatment of certain diseases. Radioactive phosphorus is being employed in the study of fertilizer uptake by plants and C 14 in photosynthesis—conversion of sunlight into food energy by plants. Radioactive materials have been used to provide a thickness gauge in plastics and rubber. Radioactive iron has been used for friction and lubricating studies.

Safety in Cyclotron Operation

The presentation by Dr. E. C. Pollard of Yale on "Introduction to Atomic Energy" was impressive. He made a complicated subject understandable. He was questioned about the development of radioactive water through the disposal of waste materials, as a result of the operation of cyclotrons. A number of universities now have this equipment, and generally insurance is involved. Dr. Pollard said that it would take pretty intense radiation to make water radioactive. However, he advised the insurance people to insist on testing the safety of cyclotron operation by having the engineer in charge of the cyclotron bring it to full operation and then use a monitor to determine whether radiation is getting through the shields and other protective devices. The only way to determine definitely whether the operation is safe is to measure it, he said.

A cyclotron being repaired, he said, is dangerous, and it is the responsibility of the engineer in charge to see that no work is done until sufficient time has elapsed to make the repair or replacement safe. While ordinarily there is no waste disposal problem in cyclotron operation, there is a real problem in this connection with isotopes. The Geiger counter, he commented, doesn't always pick up radiation from carbon, although this radiation is not as dangerous as it formerly was thought to be.

External Exposure

Only in case of accident, Dr. G. Failla, Columbia University college of physicians and surgeons, said can the hands be injured by one exposure to radiation because so much is now known about how to handle the material and how to protect those working with it. The AEC committee of scientists, of which Dr. Failla is a member, is worried about small doses of exposure repeated over a long period of time. Because x-ray has been used for many years, there is experience on which to base judgment in this respect. Cancer of the skin does develop where there

(CONTINUED ON PAGE 21)

Dineen Implores Insurers to Rise to Occasion in TDB

Wants Many to Enter Field and Hold Line on Expenses

Superintendent Dineen of New York in addressing the spring meeting of American Mutual Alliance at Chicago Tuesday on New York's new disability benefits law said that to rise to the occasion, a substantial number of companies—large, medium and small—should undertake to write this business and in doing so, should keep expenses within reasonable limits and to see that the rate of overall return to workers in loss payments reflects credit on the insurance business.

He said if private enterprise in the insurance business does not write this line and handle it on an economical and efficient basis, the drift will be toward a governmental agency and when enough business gravitates toward state funds, the legislative trend will be toward the creation of a governmental monopoly.

The question of the compensation for producers has a direct bearing on the question of expense. The producer should be paid a reasonable commission. Commission levels traditionally have been lower in mandatory forms of insurance than in optional just as the percentage of commission has generally been lower in group forms than on business individually written. It is expected, he said, that the new commission levels will reflect these established characteristics. Excessive commissions would raise the cost of the insurance and play into the hands of those who contended that the payment of all production expense could have been eliminated by creating a governmental monopoly.

There is no direct control of production expenses under the New York law. Premium rates are to be determined competitively. In ordinary life insurance, competition on rates led to runaway commission competition and New York was compelled to enact its expense limitation laws which have countrywide extra-territorial effect. On the other hand, the history of group insurance production expense has been the reverse. Hence it was felt that it would be premature to enact an expense limitation statute on TDB and the business and producers were entitled to demonstrate that competition would not be carried to excess in the way of commission payments.

However, Mr. Dineen observed that the department has two A. & H. laws that can be brought into play, one providing that an insurer shall not issue a policy which shall not appear to be self-supporting on reasonable assumptions as to morbidity or other appropriate claim rate, interest and expense. The other law requires prior approval of policy forms and provides that the approval may be withdrawn if the benefits are unreasonable in relation to the premium charged or if the contract contains provisions which are unjust, unfair, inequitable, contrary to law or to the public policy.

These laws serve to prevent the sale of insurance at less than cost and also to prevent the sale at excessive prices.

Mr. Dineen emphasized that workmen's compensation insurance is inextricably interwoven with unemployment insurance and TDB.

Four States Change F.R. Setup

So far in the current legislative season four states have set up new automobile financial responsibility requirements. Arkansas, whose law is effective June 9, has a measure not of the security, New York type. Nevada has passed a new law of the security type effective Sept. 1. Both Tennessee and Washington have completely revised their financial responsibility acts so that they are now of the security type. Tennessee is effective July 1 and Washington Feb. 1, 1950.

In Pennsylvania legislation was passed to make the financial responsibility law there, of the security type, effective Feb. 1, 1950, and this was signed by the governor. No specific provision was made for financing its enforcement.

There are now 41 states with assigned risk plans, whether they have financial responsibility laws of the severe type or not, or no F.R. law at all.

The states without assigned risk plans are Arizona, D. C., Kansas, Montana, Nevada, Oklahoma, South Dakota and Texas. Thus Nevada is the only one of the new F.R. states without such a plan,

and there it could be set up, according to company representatives, within a week's time.

Rules on Policy Changes

The Texas department has given an interpretation that changes made in existing automobile policies shall be related to the rates in effect at the inception of the policy rather than on the basis of the new rates that became effective May 1. For instance, if the B.I. limits are increased, the premium adjustment shall be on the basis of the rates and increased limits percentages in effect at the inception of the policy. Also, for instance, if the collision deductible is changed, the adjustment shall be made on the basis of rates in effect at the inception.

Seek Ind. Ruling on Blue Cross

Commissioner Viehmann of Indiana has asked Attorney-general McManamon for an opinion on the legality of community-wide membership solicitations by the Blue Cross and Blue Shield hospital and medical insurance plans. Mr. Viehmann said that the question is whether a community could be considered a "group" and enrolled as such by the organizations.

L. E. Williams Named to Oklahoma City Bond Post by Hartford Accident

Luman E. Williams has been appointed superintendent of the bond



L. E. Williams

department of Hartford Accident at Oklahoma City effective July 1. He has been assistant surety superintendent at Chicago. He attended University of Illinois and University of Alabama. Prior to joining Hartford in 1936, he was with the board of local improvements of the Chicago engineering department, and later was with Illinois highway department.

He started with Hartford as a junior underwriter at Chicago in 1936 and was named assistant superintendent in 1946. During the war he was with the field artillery. He is immediate past secretary of Surety Underwriters Assn. of Chicago.

Wood Promoted, U.S.F.&G. Cleveland Post to Dietrich

L. Brent Wood has been named as associate agency director in administration for U. S. F. & G. Mr. Wood has been manager at Cleveland since 1941. He will be succeeded there by George E. V. Dietrich, casualty rating deputy director in the Illinois department of insurance.

Mr. Wood is a graduate of the University of Buffalo. He started with U. S. F. & G. in 1926 as superintendent of claims at Hartford, and later was superintendent of claims, supervisor and assistant manager at Syracuse before being made manager at Cleveland.

Mr. Dietrich attended the University of South Dakota and Wisconsin. He joined U. S. F. & G. in 1931 at Chicago and was with that office for 16 years except for a period as lieutenant commander in the navy during the war. He joined the Illinois department in 1947 as casualty rating director.

Bill to Clarify School Bus Insurance in Ill.

School bus liability insurance, declared an improper purchase by school boards last fall by the legal office of the Illinois superintendent of education, would now be specifically authorized under a bill introduced in the Illinois house.

The bill would authorize any school district providing transportation for pupils to insure against any loss or liability for its agents or employees resulting from or incident to ownership or maintenance of a school bus. The policies would have to be endorsed to provide that the companies would waive the defense of governmental immunity.

Another bill introduced and already reported favorably from committee would allow schools to purchase group or individual medical and/or hospital service for pupils engaged in athletics. This also had been forbidden by the superintendent of education on the ground that the school board could not be held responsible for pupils injured in athletic participation.

Companies writing school bus liability insurance in Illinois were highly disturbed last fall by the order prohibiting school boards to purchase such insurance. Any insurance that had been written on buses contained the provision that the company would waive the governmental immunity defense, this usually at the request of the school board.

Countersignature Warning

Insurance Director Southall of Kentucky has notified casualty companies and licensed non-resident agents of the department's intention to enforce strict compliance with the law that any bond or insurance contract that has to be filed with the Kentucky commissioner of highways, and that any bond or policy incident to an operation under a contract awarded by the highway commissioner shall be countersigned by a Kentucky resident agent and the countersigning agent shall receive the full commission. The law prohibits the countersigning agent dividing commissions with anyone except a licensed resident agent. Mr. Southall said that the department finds that provisions of this law have been ignored in some cases.

Resumes Dividend Plan

General Casualty of Seattle has resumed writing participating automobile policies in New Jersey, the change being retroactive to April 1. Previously the company had announced that it was going on a non-participating basis in New Jersey, as well as New York, Connecticut and Virginia, effective April 1.

Jainsen Urges Actuaries to Aid in Speeding Changes

Speaking at the spring meeting of Casualty Actuarial Society, Wilson C. Jainsen, vice-president of Hartford Accident, urged his audience to help the industry make changes more promptly. He noted that comprehensive personal liability is being sold with a single limit, thus eliminating a large element of guesswork on the part of a buyer and simplifying the internal operations for the companies. This might be a good idea for other fields, automobile insurance in particular, but reasons are constantly advanced that the idea is impractical "at this time." Mr. Jainsen declared he would rather hear reasons why changes can be made now. The phrase "at this time" deserves to be relegated to the deepest part of some insurance deep freeze, he stated.

Insurance will always need actuaries who, despite obstacles, prevailing practices and opposition, will be able to determine how something should be done and can be done, he said.

Mr. Jainsen observed that the decrease in the number of actuaries is a cause for real alarm. Colleges are graduating more persons than ever and the need for actuaries in insurance is the greatest ever, but other industries are syphoning off actuarial talent. The basic stability of insurance should have a great appeal in the immediate years ahead and may help satisfy the lack of manpower, he declared.

Committee on Securities Valuation Meets at N. Y.

NEW YORK — The committee on valuation of securities of National Assn. of Insurance Commissioners met at the New York department and decided to retain for this year the customary method of valuing securities. The committee is now canvassing other states before determining the exact procedure to be followed in using the \$250,000 assessment against the companies to increase the size of the full time N.A.I.C. security valuation committee. New York and New Jersey have passed the bill and it is currently awaiting signature in Pennsylvania. Hopes are held out that similar legislation will pass in Connecticut and Massachusetts before the legislatures adjourn.

Glass Commission Cut

MINNEAPOLIS—Agents in Minnesota have been notified that effective July 1, the commission on plate glass business will be 20% instead of 25%.

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That George
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His birthday is observed in U. S. on Feb. 22nd but he was born Feb. 11, 1732, the date being changed by the elimination of 11 days when the calendar was changed.

IT IS A TRUTH HOWEVER . . .

. . . that every agent who joins Hawkeye-Security's ever growing agent family gets the most in home office co-operation . . . the kind of wholehearted co-operation that builds more casualty and fire business.

Hawkeye-Security are proud of their prompt and equitable settlement of claims . . . the fact that there is no red tape in dealing with agents . . . that every sales aid is given the agent and a sincere group of field representatives are always at the agent's service.

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Atomic Session for Insurance Men

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has been too high exposure over a long period of time. This may be as much as 40 years.

Dr. Failla's committee recommends that the limit of external exposure be .3 Roentgen per week. The body of a person gets more exposure than a machine does that is used to measure the exposure at the prescribed distance from the material so that as much as .5 Roentgen per week, measured on the body, is permitted. More is allowed for the hands because the development of cancer on the hands is not so dangerous as elsewhere on the body. It can be cured on the hands fairly readily. The limit on the hands is 1.5 Roentgen per week. One of the dangers of too much radiation reaching the body is the development of leukemia, which is always fatal. That disease develops from damage to the blood forming machinery in the body.

Lifetime Exposure Limit

The limitations of exposure set up will, Dr. Failla thinks, prevent any production of cancer in 25 years. The lifetime limit suggested by his committee is 300 Roentgens.

He touched on some of the insurance problems involved in working with radioactive materials. For example, the committee has placed a limit of .1 Roentgen per day plus the .3 Roentgen per week, but the per day limit has now been eliminated. A person getting .3 Roentgen in a day's time, if he does not get more than .3 in a week, Dr. Failla said, would not suffer injury.

He emphasized the vastly increased knowledge of those working with radiated materials with respect to safety. There was a great deal of concern about the many problems involved, and insurers have worried, but, he said, the risk is not what it was feared it might be. Up to age 45, he said, the committee believes that 25 Roentgens at one time is safe; over 45, up to 50 can be used safely. This age division was established because of the reproductive pattern in human beings.

Private Practitioners Want Stuff

Private practitioners would like to get isotopes to use in treating their own patients, and the problem will have to be faced, Dr. Failla said.

He was asked about the x-ray machines used on the foot in many shoe stores. He thinks they should not be used. This is because of the difficulty of maintaining good controls, for example a purchaser may try on 10 pairs and get 10 exposures to radiation. Another factor is that in daylight the salesman may have to boost the charge in order to get a clear picture. The salesman, buyer, and those in the room get a certain amount of radiation, and of course the foot of the one being x-rayed may get considerable exposure. The tissues do not become less sensitive to radiation with exposure, Dr. Failla said.

In the case of a fraudulent claim, can it be proved that no radiation damage has been done. Yes, Dr. Failla replied, but the question is whether "you can convince the jury."

Insurance People Can Help

Insurance people can help with the problems confronting those engaged in atomic energy development and use. Dr. K. Z. Morgan, of the Oak Ridge National Laboratory, stated. He traced the development of health physics, the science of working safely with radioactive materials. He recalled that up until 1942 there were only about two pounds of radium in the world, and yet the use of radium had produced many unfortunate experiences. The question that faced scientists was whether to go ahead with the development of atomic piles where there would be the equivalent of many tons of radium. They went forward with the development, but at the same time they evolved measuring instruments, techniques of working with radioactive matter safely, and began to understand its biological and other effects. There are now more than 500 health physicists working in this field and a rapidly increasing number of users of radioactive matter.

At the Oak Ridge laboratory there is going forward vigorously such research projects as what to do with waste disposal and water purification, the development of better detection instruments, the maximum exposure permissible in view of safety, and a general public

education so that people will know what is going on and will understand their responsibilities in connection with radiation.

All users of isotopes, he said, have a problem in waste disposal since radiated materials are used in the form of liquids, solids and gases. He cited the development of long handling tools, hoods, shields, remote control devices, special clothing that is specially washed in chemicals, special detecting equipment such as film badges.

Problem of Waste Disposal

Radiation should not be feared if properly handled, he said. Radioactive

materials are playing an increasingly important role in all industries, and he urged the insurance representatives to acquaint themselves with the materials, their use, etc.

It is interesting to note that the Inland Marine Underwriters Assn. now has asked its members to vote on a proposed exclusion clause covering atomic energy materials in peace or war. The fire companies appear to be working currently on the idea of excluding property damage from this cause in war, and are said to be planning to put the exclusion in the explosion and other endorsements as these come up for revision.

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Ohio Federation Renames Middleton as President

Insurance Federation of Ohio at its annual meeting at Columbus this week

reelected Frank R. Middleton, National Surety, Columbus, president, and elected vice-presidents as follows: W. H. Witherspoon, Aetna, Columbus, chairman of fire committee; O. P. Ruffing, Travelers, Columbus, chairman of casualty and surety committee; M. R. Dodson, Ohio National Life, Cincinnati, chairman of life committee; W. G. Alpaugh, Inter-Ocean, Cincinnati, chairman of A. & H. committee.

The governing committee is composed of A. F. Taylor, Toledo, and S. R. Henderson, Columbus, agents; Fred G. Colborne, Home Indemnity, Columbus; Ted K. Mathers, Auto Owners, Columbus; John H. Mahon, Columbus; H. P. Young, Columbus; Carl Mitcheltree, Columbus Mutual Life;



F. R. Middleton

Frank L. Barnes, Ohio State Life; James B. Yaw, fraternal, Columbus.

Henkle Heads N. D. Assn.

George Henkle of Bismarck was elected president of North Dakota Assn. of A. & H. Underwriters at its annual meeting and sales congress at Fargo. He succeeds E. W. Boe of Grand Forks, who becomes board chairman. A. C. Ulseth of Grand Forks becomes vice-president and F. A. McDonna of Bismarck secretary.

Sales congress speakers were A. Herbert Nelson, Business Men's Assurance, Minneapolis; O. K. Bjornstad, Occidental Life, and Carl A. Ernst, North American Life & Casualty, St. Paul.

Commissioner Krueger of North Dakota and W. J. A. Jones, National association executive secretary were banquet speakers.

Novocaine in Artery "Accident"

Death during a tonsillectomy, during which novocaine was unintentionally injected into the insured's artery, causing his death, is an accident "effected directly through external, violent and purely accidental means" according to the Texas court of civil appeals, which upheld the Taylor county district court. The case is Leverett vs. National Life & Accident.

Progress on Process, Agent Filing Bills in Illinois

The Illinois house insurance committee has favorably reported the unauthorized insurers service of process act. The original bill was considerably rewritten by the insurance department to make clear the provisions relating to Lloyd's brokers. The bill as it now stands is aimed principally at unauthorized mail order companies and makes the director the lawful attorney of any unauthorized company doing business in the state.

The Illinois agents' bill providing for filling of insurance association rules with the director has been voted out with a "do pass" recommendation by the house insurance committee. Five amendments were put into the bill and the requirement that all rating organizations give five days prior notice of proposed changes has been eliminated entirely. The provision for fines also has been removed.

No opposition to the measure appeared at committee hearings.

Chicago Mortgage Bankers Assn. and Illinois Savings & Loan League voiced strong opposition to two Illinois senate bills making it unlawful for a person financing a loan to require insurance in a particular insurance company covering the property securing such transactions. The Illinois agents and brokers groups are backing the bills with the explanation that forcing or coercing insurance purchases into the lender's hands may bring the Department of Justice into the picture. Another argument used by the brokers is that lending institutions often cover their own interests and leave the insured's equity unprotected.

The mortgage interests stated that violation of the act becomes a misdemeanor with burden of proof of non-violation upon the lender. If foreclosures become necessary, it is stated that the insured could charge violation and proof to the contrary would be difficult.

Preferred Accident Holds Conference of Managers

NEW YORK — Practically every phase of home office and agency operation of Preferred Accident was discussed at a three-day conference at the home office. Attending were branch managers, managing agents and claim managers from all over the country and the senior home office staff. President Floyd N. Dull welcomed participants and gave the keynote address.

Henry E. Houghton, vice-president, chairman of the conference, explained the purpose of the meeting was to secure coordination on underwriting, claim handling, accounting and personnel procedure and agency relations.

The affair wound up with a dinner at which speakers included Walter F. Martineau, New York deputy superintendent; Alfred M. Best and Arthur Snyder of A. M. Best Co.; J. Dewey Dorsett, general manager Assn. of Casualty & Surety Companies.

E. A. Larner Now President

Edward A. Larner, U. S. manager of Employers Liability, has been elected president of Employers Group Associates. He succeeds Edward C. Stone, who had been president since the fund was created in 1928. Mr. Stone continues as a trustee.

Two Companies Fined in Ia.

DES MOINES — The Iowa department has fined State Automobile of Des Moines \$50 for failure to file fidelity and surety rates. The company waived a hearing and paid the fine.

Union Automobile Indemnity, Bloomington, Ill., was fined \$50 for writing county fleets without filing rates with the department. A hearing was held, with the company pleading guilty and paying the fine.

Stock Casualty Underwriting Profit in 1948 Was 4.2%

Countrywide net premiums written in 1948 by stock companies licensed in New York were \$1,672,030,194, according to National Bureau of Casualty Underwriters. This was an increase of 16.7%. All lines increased except boiler and machinery, which remained approximately stationary. Adverse underwriting results continued on automobile P.D., boiler and machinery, and sprinkler and miscellaneous lines, but an over-all underwriting profit of 4.2% before federal taxes was earned on all lines combined.

The small underwriting profit shown for automobile B.I. indicates that the rate levels for this line are becoming adequate. The net result for the two automobile liability lines combined was a loss of more than \$11½ million. The underwriting profit for liability other than auto dropped to 1.7% from 7.6% in 1947.

Glass lines showed a small profit for the first time in 10 years. The boiler and machinery loss was 8.7%.

Malpractice Rates Upped

MINNEAPOLIS — Because of increased frequency of claims and high loss ratios, Aetna Casualty announces an increase in Minnesota malpractice rates for physicians effective July 1. The new rates will be \$35 for 5/10 limit of liability and ranging up to \$62.30 for limits of 50/100. There will also be a change in rating physicians under the proprietors professional liability policy which will be a third of the personal malpractice premium. The rate for technicians will remain the same.

Aetna Casualty has been increasing malpractice rates in various territories. In some places there is no increase in the rates for physicians, but the rates for x-ray therapeutics and hospital malpractice have been increased.

Kirchhoff Opens Agency

Walter Kirchhoff, special agent for Home Indemnity in Chicago, has opened an agency at Mt. Prospect, Ill. He started in the Cook county department of National Liberty in 1927 and 11 years later transferred to the Home Indemnity as casualty underwriter. In 1943, he was appointed special agent covering Illinois and Cook county and handled some of the field work in Indiana and Wisconsin.

Speers in New L. A. Post

Francis L. Speers has been appointed special agent and assistant underwriter at Los Angeles for Houston Fire & Casualty. He has been with Millers National and previous to that was with the Roger E. Williams general agency at Los Angeles.

Iowa Blue Goose Elects

DES MOINES — Fred C. Meister, Travelers Fire, was elected most loyal gander of Iowa Blue Goose at the annual meeting. He succeeds A. E. Holt, Aetna Fire. C. S. Cathcart, Home, moved up from welder to keeper and Harlan W. Wyant, Great American, was elected welder.

Erwin Weick, Security Fire, is supervisor; L. K. Taylor, Commercial Union, custodian, and R. W. Dunker, Glens Falls, guardian.

Kenney Talks to Buyers

Frank Kenney, supervisor of bonding claims of American-Associated, spoke on "Fidelity and Surety Problems (a claims approach)" at a dinner meeting of St. Louis insured members conference of Associated Industries of Missouri May 24.

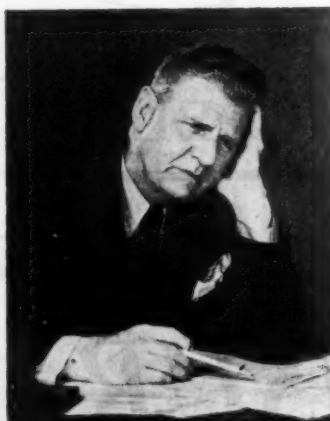
Yes Sir!
Every Good Insurance Man
sometimes feels like this Fellow!
Worried!

"Now I Remember — he told me to put on that Insurance."

"Now comes the loss, and no Insurance."

"There must have been a slip up somewhere along the line."

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More Respectable Profit Is Needed

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method of determining underwriting profit, the statutory base prescribed by state law. This is the formula accepted by the Internal Revenue Department for federal income tax purposes. It takes no account of incidence of underwriting expenses during the term of the policy but charges them as an item of outgo in the year in which they are incurred. There may be technical reasons for questioning the suitability of the statutory method of calculating underwriting profit for a particular year, but it is a reasonable formula when applied over a period of years.

Profits Regarded as Vice

This is an age when in many countries the idea of making profits is coming to be regarded as a vice, he said, and it is not surprising that the National Assn. of Insurance Commissioners is investigating underwriting profits and reviewing the 1921 formula. He called attention to the fact that in New York state at least the companies have not been allowed for many years anything approaching the profit margin provided in the 1921 formula—5% of earned premiums plus 3% for confagurations. There instead of 5% profit, the companies are allowed 2½% with 1% for confagurations.

The New York law provides for equitable rating by class of risk. This is a commendable legal provision and equity is a basic consideration in all forms of insurance, but Mr. Cowie wonders whether there is not too much worship at the altar of equity when dealing with such an inexact science as fire rate making. There appears to be reasonable statistical evidence that the more hazardous risks have in the past been underrated. If this were not so, there would not have been so much difficulty in placing some of them. Such risks will continue to be underrated, he thinks.

Examples of Needed Underrating

Too heavy losses on woodworkers in one state, for example, might ruin the experience on that class for the next 50 years, and he doubts the practicability of a rate increase adequate to reimburse the companies for such loss. If such considerations apply to more hazardous risks generally, it would appear reasonable to load an additional profit margin on the more stable risks, such as dwellings, to enable the companies to absorb more readily those hazardous lines where the probability of making a profit is doubtful. This does not strictly conform to the idea of equity between classes but it would not impose an onerous burden on the dwelling class. Neither would it constitute an injustice to the people of a state when it is remembered that their livelihood depends largely on industries within the state, and those industries cannot function without fire insurance protection.

Referring to the McCullough report of the New York department on profit, Mr. Cowie doubts if business men will invest money in a hazardous business such as fire insurance knowing in advance they will not be allowed to make more than 6% on their investment. Investors could do better in other fields without taking the great risks to which fire insurance companies are subject.

1.7% for 25 Years

He pointed out that in New York state the statutory underwriting profit by all stock fire companies was 1.7% for 25 years. That means \$17,000 on a million dollars of premium income. A small twist of the wheel of fortune, just one extra total loss on a dwelling, and the profit on a million dollars worth of business disappears. In 1948, the percentage margin of profit on sales for 1,000 manufacturing concerns was 7.5%, about 4½ times the 1.7% for fire insurance. The return on net assets for those companies was 18.9%, compared with 6% proposed in the McCullough report.

The 1.7% is over-all for the industry. If it were a monopoly, perhaps it could successfully operate on such a small margin but actually it consists of several hundred companies, some large, many quite small, all trying to make a profit. The larger companies can operate on a lower expense ratio than the smaller, and this difference can more than absorb the 2½% margin allowed by New York state.

The basic conception of the 1921 formula is sound, Mr. Cowie believes. Profit allowed should be determined in relation to premiums earned, not on the basis of return on equity capital. If the 3% confaguration allowance is excessive, he does not think the companies would object to its modification. Electric utilities, for example, make a net profit of close to 15% of their sales. Meat packing operates at less than 1%, but their annual sales are a billion dollars or so. These two extreme cases are not particularly relevant to fire insurance, but in comparison 5% profit does not seem unreasonable. The industry does not have to apologize for expecting more liberal treatment, he declared.

Bobo Goes to Helm of Miss. Agents

(CONTINUED FROM PAGE 2)

that they must make their decision as to whether they want federal or state regulation. To avoid federal regulation, he declared, it is imperative that states cover the field and not just a part of it. He cited as an example of the federal agencies' desire to move into the insurance field recent exploration of federal trade commission into the mail order insurance business. He stated that Mississippi was in "fair shape" in its present regulations but that some amendments may be desirable.

The theme of the convention was "Profitable Agency Operations" and M. J. Hartson, Jr., New Orleans, had for the title of his talk "A Prophecy—Profits." He said insurance companies are in a cycle of high profits and that rather than pay these out in income taxes, it would be profitable for them to experiment with simpler, broader, and more salable forms, which would produce a smaller number of policies and higher premiums thereby aiding the agent to operate profitably.

Multiple lines writing has made many leaders conscious of the possibilities of writing broader and more desirable coverages, and securing proper premiums for them, he observed. They are intent upon placing in the hands of the public maximum security against loss through both usual and unusual hazards. "We should really be able to sell an assured one policy which would cover his home, including loss of use of its contents, his automobile, his liabilities for personal injury; property damage, and medical expenses."

Walter Sheldon, Chicago, member of the N.A.I.A. executive committee, gave an address which was to have been delivered by O. Shaw Johnson, who was prevented from attending the meeting by illness. Mr. Sheldon explained the internal reorganization of the National association.

At the dinner Mr. Bobo, in the absence of the honored guest, Mr. Johnson, expressed appreciation for Mr. Johnson's services to both the state and national associations.

Saturday morning's program consisted of two panels, one being an analysis of agency expenses and the other an agency work simplification panel. Joseph P. Schwartz, New Orleans, Schwartz & Nelson Insurance Agency,

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and president of the New Orleans Exchange, served as chairman of both panels.

A resolution was adopted endorsing the "Program for America" project approved by the national board of state directors.

The compensation committee was instructed to secure joint conference with the workmen's compensation commission and the insurance commission in an endeavor to obtain an assigned risk plan that will provide for recognition of the producer, compensation for his services, and an assignment of the risk according to the previous type of carrier insuring the risk.

Anticipating the possible rewriting of the state's insurance laws, the association declared its opinion to be that such recodification should be made by a code revision commission created by the 1950 legislature and that at least one representative from the agency forces should be appointed on the commission.

The association also declared its vigorous opposition to the adoption of any form of socialized medicine program by the federal government.

Govt. Agencies Seek to Halt Kickbacks

(CONTINUED FROM PAGE 4)

names and addresses of persons receiving commissions or discounts. The supplier's certificate, Koehler said, contains a prohibition against kickbacks, which "has been very effective."

Mr. Rogers stated that income tax agents are looking into the marine insurance kickback situation and that the record of the hearings would be sent to the district attorney.

Kurt Jachmann, New York broker who had the marine insurance premiums on shipments to Poland upped by 18% and then allowed a 15% dis-

count, according to testimony, did not testify, owing to illness.

Final day's testimony came from representatives of Pan-Atlantic, Inc., New York freight forwarders. It concerned a number of checks for amounts totaling as high as \$85,000, and payments of large amounts in cash, including those to persons connected with Pan-Atlantic. Some of these were not accounted for, nor even counted.

Witnesses stated they did not know what the money was for, where it went, who got it. Several witnesses declined to answer questions concerning certain checks and payments, under their constitutional rights, on the ground that answers might tend to incriminate them.

Tenn. Committee Named

NASHVILLE, TENN. — Commissioner Allen has announced the following governing committee for the auto assigned risk plan under the financial responsibility law effective July 1: M. J. Blodgett, Liberty Mutual, Nashville, chairman; W. B. Nelson, U.S.F.&G., Memphis; Frank McRoberts, Casualty Reciprocal Exchange, Jackson, Miss.; Stuart Jones, Southern Fire & Casualty, Knoxville, and C. L. Van Antwerp, State Farm Mutual, Nashville. Applications approved by this committee will be handled through the Alabama assigned risk plan office at Birmingham, Ala., for the present.

Farm Bureau Claim Parley

A two-day regional claims meeting of the Farm Bureau companies was held at Natural Bridge, Va., with about 140 attendees.

All adjusters from Virginia, West Virginia, North Carolina, South Carolina, Maryland, Delaware and District of Columbia were present. Home office representatives included Murray D. Lincoln, president; Charles W. Leftwich, vice-president and secretary; Bowman Doss, agency vice-president; Marion Foltz, superintendent of claims; Willis K. Link, assistant superintendent of claims for the southern zone; Samuel E. Keene, director of training and education for the claims department; C. W. Eberhard, manager of casualty underwriting; E. K. Taggart, advertising department.

COMPENSATION

Mich. Act Liberalized

The Michigan legislature, which has just adjourned, passed a liberalizing workmen's compensation act, boosting maximum benefits in cases involving dependency to \$34 weekly and minimums from \$20 to \$24. The new law also becomes compulsory for all employers of four or more employees as compared with an eight-employee limit under the old act.

N. Y. Revision Started

The compensation insurance rating board of New York has advised insurers that it is engaged in preparing a general rate revision, expected to become effective Oct. 1 and instructs that policies covering risks subject to either manual or experience rates, with rating anniversaries July 1 to Sept. 30, are to be written on the basis of current rates, whereas policies with anniversaries on or after Oct. 1, are to be issued on the basis of revised rates.

Seek Minn. Rate Increase

ST. PAUL—An increase of 6.1% in compensation rates is being sought by Minnesota compensation rating bureau and a hearing has been set for June 7 before Minnesota compensation insurance board.

The legislature increased maximum

death benefit from \$7,500 to \$10,000, maximum weekly benefit from \$27 to \$30 and minimum from \$13.50 to \$15.

The adoption of interstate experience rating also will be considered.

At the last hearing on compensation rates the state board ordered a decrease of 9.2% effective Jan. 1, 1949.

New Ohio Secretary

L. S. Jones has retired as secretary-treasurer of Ohio Assn. of Casualty & Surety Managers. Vincent G. Brown, Hartford Accident, Columbus, has been named secretary-treasurer protem. The association will hold its annual banquet June 6, at which time officers will be elected.

UCD Plans Reviewed

E. H. O'Connor, Insurance Economics Society, addressed Casualty Underwriters Assn. of Chicago, at a dinner meeting on state sickness compensation plans.

Hartford S.B. Managers Meet

More than 20 branch managers of Hartford Steam Boiler attended a four-day home office conference. General chairman was Vice-president F. S. Campbell, head of the agency department. President L. B. Brainerd gave the opening address and presided at the closing session.

Managers sent in carefully considered questions in advance of the meeting, and these were discussed and answered. J. M. Gorham, W. H. Henshaw and D. F. Reese joined Mr. Campbell in presiding at various sessions. Secretary B. E. Prentice led a panel on claims.

Multiple Line OK in Okla.

A bill was passed by the Oklahoma legislature and is now before the governor which permits multiple underwriting by a stock company in Oklahoma, provided it has a capital of at least \$250,000. If a company writes fidelity or surety bonds, it must have a combined capital and surplus of at least \$350,000.

A companion bill permitting multiple underwriting by mutual companies is also on the governor's desk.

Bert A. Hedges, manager for Business Men's Assurance at Wichita, is addressing the Springfield (Ill.) Accident & Health Underwriters Assn. on May 26.

WANT ADS

AN UNUSUAL OPPORTUNITY

for an outstanding production man to open and manage a North Carolina Service Office for a prominent Eastern non-conference Casualty and Surety Company. An experienced man with a successful record will be given full responsibility to develop the territory and service the plant already established. Starting salary commensurate with past record; future salary to be based on performance. Replies strictly confidential. Give full history to Box No. U-49. The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Experienced Automobile Underwriter able to start work at once. Salary open. Address U-53, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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A-1 opportunity for aggressive and sincere man under 30 for territory covering part of Ohio. Both casualty and fire experience preferred but not necessary. Address U-55, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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ACCIDENT AND HEALTH

Chicago Award to "Man of Year" at Cleveland June 28

The executive board of Chicago A. & H. Assn. following a series of closed sessions has decided on the man who is to be the first recipient of the Harold R. Gordon Memorial, a permanent annual award established by the Chicago association, which is intended to be the A. & H. industry "Oscar."

The presentation will be made to the "man of the year" by Irving G. Wessman, Loyalty group, who has just retired as president of the Chicago association, at the luncheon meeting at the convention of National Assn. of A. & H. Underwriters at Cleveland, Tuesday, June 28.

The Chicago association already has plans under way for the second award of the Harold R. Gordon Memorial next year. More than 100 local associations in all parts of the country will be asked for suggestions and recommendations as to the A. & H. man to be so honored.

Earle R. Bennett Renamed Florida Association Head

At the annual meeting of Florida Assn. of A. & H. Underwriters at West Palm Beach, Earle R. Bennett, Provident Life & Accident, Tampa, was reelected president.



E. R. Bennett

Vice-presidents are: J. Lynn Golden, Jr., Mutual Benefit H. & A., Miami; O. O. Willis, Professional, Jacksonville; Harold F. Bartlett, Continental Casualty, West Palm Beach; O. N. Cronk, Florida Mutual, Orlando; Alfred E. Enright, Educators Mutual, Miami.

Fred H. Schippert, Provident Life & Accident, St. Petersburg, was reelected executive-secretary, and C. B. Pepper, Mutual Benefit H. & A., Tampa, was named treasurer.

Dr. Joseph Stewart of Miami, immediate past president of Florida Medical Assn., suggested that the association should get together with the doctors of the state in fixing surgical fees for policyholders of private companies the same as is done with Blue Cross. This is one of the aims of the Florida association for the coming year.

Fyke Succeeds O'Neil

Vernon Fyke has been appointed manager of the eastern division of the railroad department of Pacific Mutual Life to succeed T. J. O'Neil, who has gone with Illinois Bankers Life.

Mr. Fyke has been with Pacific Mutual since 1928, in claims work. Recently he has been field supervisor at Oakland.

Gregory at Wichita

Kansas Assn. of A. & H. Underwriters had a record turnout at Wichita with National President Eugene F. Gregory, Business Men's Assurance, Denver, as speaker. A membership gain of more than 300% was reported by President Claude W. Jackson, Inter-State Assurance, in the national membership contest, which has just ended, thus putting the Kansas association in line to win the silver membership cup.

Des Moines Unit Merged

Combined of Pennsylvania, the head office of which is at Chicago, has re-insured the entire outstanding business

of Combined Casualty of Des Moines, which has been an affiliated company. The Des Moines company had premiums of about \$360,000 in 1948. There is another companion company that is known as Combined American of Dallas.

Hedges at St. Louis

Bert A. Hedges, Business Men's Assurance, Wichita, spoke on "Getting to Today's Market" at a luncheon meeting of A. & H. Underwriters Assn. of St. Louis.

Mutual Benefit H. & A. has made an additional deposit with the receiver general of Canada for protection of policyholders, increasing the amount on deposit to \$3,325,000.

Columbus in Class 4

Columbus, O., has been placed in Class 4 by Ohio Inspection Bureau and National Board. It formerly was in this class. An announcement says the city "has made some progress toward Class 3."

New Company at Waco

U. S. Insurance Co. of Waco, a reciprocal, has been licensed by the Texas department with surplus of \$100,000. A. B. Shoemaker is attorney-in-fact. It is not explained how the name "U. S." was adopted. There is a federal law prohibiting the use of the name "United States" or "Federal" in company titles.

Utah Commissioner Speaks

The May meeting at Salt Lake City of Utah A. & H. Club was devoted to business matters. Commissioner Terry introduced by Program Chairman A. Harry Good, expressed a desire to cooperate in every way with insurance interests and asked the aid of each member of the club. Officers will be elected in June.

Drops Hospital Malpractice

St. Paul-Mercury Indemnity has discontinued malpractice coverage for private or profit hospitals because of "some very serious losses." It is also discontinuing general writing of hospital liability policies on a term basis. Effective immediately, all hospital liability policies will be issued on an annual basis only. This will permit a review

both for underwriting and rating purposes of every hospital liability policy at the expiration of 12 months instead of 36 months.

Gilliland Is Promoted

John A. Gilliland has been promoted to superintendent of the special hazard division in the Pacific Coast department of Hartford Fire. He has been with the company 25 years and, for the past three years, has been associate resident manager at Los Angeles, with particular attention to the special risk department.

Pacific Indemnity Record

Pacific Indemnity's net premiums written for the first quarter of 1949 were \$5,430,261, an increase of \$516,857 or 10.52% over the first quarter of 1948.

Assets increased \$50,026 to \$36,051,828; surplus to policyholders increased \$398,023 to \$10,210,795.

State Automobile Mutual is preparing to erect a \$650,000 addition to its offices at Columbus, O.

Willard B. Bellack, Neenah, Wis., local agent, active in Rotary work since 1923, has been elected governor of the 143rd district of Rotary International.

It puts the Spark of "SELL-ability" into DISABILITY!



Raise Your Hand!

Make it your business to find out the facts about The Preferred's NEW MEDALIST DISABILITY POLICY that's NEW from insuring clause to countersignature line.

Look at These Sickness Extras

1. Two year Disability Benefits, house confinement NOT required.
2. Selective Daily Hospital or Nurse Benefit - up to \$13 a day.
3. Selective Surgical Schedule - \$100 to \$400 maximum.
4. Two year Time Limit on Certain Defenses (pre existing conditions not known to applicant).
5. No diseases excluded.

Look at These Accident Extras

1. New Broad Insuring Clause.
2. New Total Disability Clause - 50 months, "his" occupation; life, "any substantially gainful occupation for which he is or could readily become qualified".
3. Partial Disability - 50% up to One Year.
4. Aviation no longer excluded. Covers flying without restriction, except for pilots, crew members and persons traveling in military aircraft.

Look at These Plus Features

1. Schedule form for publicity and easy selling
2. Selective waiting periods - first day to four weeks out.
3. Level Premium to Age 65 (Sickness benefits reduced 50% after age 60.)

WRITE TODAY FOR COMPLETE DETAILS AND SAMPLE CONTRACT

Some other policies have some of these features - only Preferred has them ALL.

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CHANGES IN CASUALTY FIELD

Maryland Casualty Iowa Unit Opens

A new Maryland Casualty Iowa branch office is being opened June 1 at 818 Des Moines building, Des Moines, with William B. Browne as manager.

Mr. Browne has been manager of the agency department at Chicago and in December he will have completed 25 years with Maryland Casualty. This will be a full branch with claims, inspection and payroll audit service, in addition to underwriting.

Clare S. Orth, who has lately been with Employers Mutual Casualty and before that, was with the Loyalty group at Chicago, is the chief underwriter and Richard Hollohan is claims manager. He is being transferred from Scranton, Pa., by Maryland.



W. B. Browne

Hartford A. & I. Changes

John J. Murphy and John W. O'Connor have been appointed special agents for Hartford A. & I. Mr. Murphy will cover 34 counties in north central Kentucky and operate out of the Cincinnati branch. Mr. O'Connor will be located in enlarged quarters at Knoxville and cover east Tennessee.

Mr. Murphy has been underwriting Tennessee business at Cincinnati for the past two years, prior to which he at-

tended the Hartford training center. He is a graduate of Notre Dame and served in the navy until 1946.

Mr. O'Connor has been specializing in fidelity and surety at Cincinnati. He is also a graduate of Hartford training center. At Knoxville he succeeds Wylie Milligan who has entered the McWhorter & Emerson agency, Greenville, Tenn.

Louis Gut in Ill. Field

Louis Gut has been assigned to field work traveling the territory of the Chicago branch of American Associated and specializing in fidelity and burglary insurance production. He has been burglary and fidelity underwriter at Chicago for American Associated, and prior to that, was with Zurich.

Buckeye Union Ind. Shifts

Russell J. Sanders, special agent in Indiana for the Buckeye Union companies, has been appointed branch manager for the state. He succeeds G. H. Downey, who resigned to go with another company. George H. Gilbreath has been named special agent for southern Indiana. At one time he was in the insurance business with his father at Linton, Ind.

Hawkeye Advances Two

Fred Strouse, formerly a Chicago agent, has been elected a vice-president of Hawkeye Casualty. Ralph Knudsen, who has been serving as comptroller, was elected vice-president and comptroller. Walter Strouse becomes Chicago manager.

Opens Oakland Unit

Industrial Indemnity has opened a new division at 12th and Harrison streets, Oakland, in charge of Volney E. How-

ard, Jr., formerly manager at Fresno. The new division will handle 13 counties.

Jack W. Pedersen succeeds Mr. Howard as manager at Fresno. He started in 1939 at Chicago with Bankers Indemnity, went with Maryland Casualty in 1941, and after serving in the navy, went with Industrial Indemnity at San Francisco. For the past year, he has been assistant manager at Fresno.

Pacific Indemnity has elected William A. Simpson, president of the William A. Simpson Construction Co., a director to fill the vacancy caused by the death of C. V. Nash.

Stock Rights Offered

WASHINGTON — Government Employees Ins. Co. has mailed warrants to its stockholders entitling them to buy shares in its Government Employees Life affiliate at the ratio of 1.2 shares of GELICO stock for each share of GEICO at subscription price of \$1.50 per share. Bid price on GELICO rights has been \$3 with none offered, while \$4.50 was bid on GELICO stock, with none offered.

The life company will have 200,000 shares of \$1 par common stock outstanding, of which 150,000 shares are offered to GEICO stockholders and 50,000 "incentive" shares offered to GEICO officers, directors and employees.

Leo Goodwin, president of both companies, says all officers and directors of GELICO have agreed to serve at least two years without pay and have also agreed not to sell their stock for two years unless to the company at the original \$1.50 price.

Retailers and Insurance

Insurance should be part of the public relations program of every retail store, according to a new book, "Public Relations for Retailers," by Tom Mahoney and Rita Hession, just published by the Macmillan Company.

Liability insurance is termed "a must for every store" by the authors in a chapter devoted to dealing with complaints and adjustments. Instructions of insurance companies for handling matters of injury or damage are praised as "sound from both a public relations and legal viewpoint."

W. Va. Rate Conference

CHARLESTON — Commissioner Crichton conducted a public discussion on casualty rate regulation in connection with the recently enacted rate regulatory law for casualty companies. About 80 local agents, company and bureau men took part.

Philip T. Morehouse, assistant secretary of Surety Assn. of America and James M. Cahill, secretary of National Bureau of Casualty Underwriters, attended.

A special study of rates filed for taxicab companies will be made to determine whether they conform to the new law, Mr. Crichton announced.

Correction on J. R. Wilson

James R. Wilson, former United States Life agency assistant in the A. & H. division, has been named vice-president of the Insurance Research Service general agency at Kansas City, in charge of A. & H. group. Erroneously the story in the May 12 issue of THE NATIONAL UNDERWRITER gave the impression that Mr. Wilson had been named to that position at the U. S. Life home office.

Conn. Unit Wins Safety Awards

Two awards for outstanding achievement in developing public safety education and perfecting state highway safety organizations have been given the Connecticut highway safety commission. The awards were received by Robert I. Catlin, commission chairman and vice-president of Aetna Casualty, from John S. Cuthbert, eastern representative of the National Safety Council.

Mail Order Group Holds Pre-FTC Hearing Parley

WASHINGTON — About 100 representatives of casualty, life and fire companies, and organizations were on hand when the federal trade commission hearing opened here Wednesday on proposed rules for mail order insurance.

The prime interest was in the specific rules and the mail order insurers were well represented. Wendell Berge, counsel for the Assn. of Insurance Advertisers, made the first appearance and his organization of 13 had about 25 representatives in attendance.

However, the underlying concern of those branches of the business not directly involved was to see where rules provided a means to extend FTC authority to other lines.

Several commissioners listened to the proceedings closely including Allyn of Connecticut and Harrington of Massachusetts, two members of the commission liaison committee with FTC which will meet with FTC Thursday.

Henry Miller, director of trade practice conferences of FTC, presided. rules and the mail order insurers were

WASHINGTON — Members of Assn. of Insurance Advertisers met here Tuesday in the offices of its general counsel, Wendell Berge, to consider revised trade practice rules proposed by federal trade commission for the mail order industry, and what position to take at the hearing scheduled for Wednesday on changes made by the commission.

These changes were numerous and important, in the opinion of mail order interests.

The annual meeting of the association was scheduled to be held after the FTC hearing. President is E. J. Becker, Mutual Hospitalization, Wilmington, Del.; vice-president, S. Brad Hunt, American Life & Accident, St. Louis; treasurer, Ross J. Ream, National Protective, Kansas City; secretary, Charles H. Rowan, Milwaukee.

Mr. Berge denied his group would fight the rules, although he admitted there might be "friendly criticism" of some of them, on account of their phraseology. He said the commission had omitted one or two rules, "by inadvertence," from the code submitted by his group.

"This is a trade commission party and FTC will probably ask for comment," Mr. Berge said. "In Chicago, it was our party, as proponents of rules. This is different."

Traveling men's insurance groups are reported hopeful that effective date of any trade practice rules which FTC may adopt will be put off some time. That would allow for adjustments and changes, it is believed.

Unexplained mystery within FTC is how two rules suggested by Assn. of Insurance Advertisers in their code submitted to FTC were completely omitted from the revised code proposed by that body. FTC officials say it was through "oversight," but don't say by whom. They recommend that the two rules should be restored to the code.

FTC reportedly has received further suggestions regarding the trade practice rules since it released its version. It sought comment concerning these suggestions.

A third meeting or hearing on the rules was suggested by officials as possibly being necessary, ultimately, before all the kinks are ironed out in advance of final promulgation of the rules.

"Stealing From the Boss"

Val White, manager fidelity division of Employers Mutual Liability of Wausau, is addressing business groups and service clubs in the midwest on "Stealing from the Boss." He discusses the cause and prevention of embezzlement losses.

The Rossmann agency, Franklin, O., has taken in as a partner William C. Shera, and will be known as Rossmann-Shera.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

PACIFIC COAST AND MOUNTAIN

Continuous Licensing Bill Vetoes by Iowa Governor

DES MOINES — Gov. Beardsley has vetoed a bill authorizing the insurance department to set up a continuous system of licensing agents. He said it would permit misrepresentation by former agents of companies for long periods of time after termination of licenses. Under the bill an agent is required to surrender his license within 30 days after it is terminated.

Mr. Beardsley said the bill would impose a heavy burden on companies and agents by the requirement that the licenses be returned.

"The provisions of the bill are unenforceable in the courts of Iowa against former agents who are or who have become non-residents of this state and against non-resident agents of companies not domiciled in Iowa and for that reason it discriminates against Iowa companies," he said.

The governor signed a number of other insurance bills, including the unauthorized insurers process act, one fixing the compensation of insurance department examiners on a weekly scale of \$120 for examiners and \$90 for assistants, and a bill which eliminates the necessity of companies carrying the short-rate table on their policies.

Regional Meetings Held by Wis. Mutual Federation

MILWAUKEE—Regional meetings for mutual agents were conducted by Wisconsin Federation Mutual Insurance Companies in cooperation with the University of Wisconsin school of commerce and bureau of community development at Madison, Fond du Lac and Wausau. The subjects included "Interpretation of the Fire Policy to Your Clients," by S. H. Struck, Madison, insurance professor of the school of commerce. J. J. Lichty, assistant director of the bureau of community development, presided. Luncheon speaker was R. J. Colbert, bureau director, who discussed a proposal to extend the services of the university to insurance agents in many communities through a series of educational meetings. Fay Elwell, Madison, dean of the school of commerce, spoke on the work of his department.

A panel discussion on "Successful Agency Operation" featured the afternoon program with local agents participating followed by open discussions. M. B. Victoria, Muscoda, handled "Accounting and Office Management;" H. B. Shier, Madison, "Survey Selling," and Carl Seiler, La Crosse, "Selling Special Coverages." H. W. Roehr, Milwaukee, secretary Cream City Mutual Fire, federation president, concluded each meeting with summary of the program and outline of plans for the future. A fire and casualty seminar for agents will be held on the University of Wisconsin campus at Madison in August under direction of the School of Commerce.

Form Jackson, Mich., Board

Jackson Assn. of General Insurance Agents has been organized and is expected to affiliate with the Michigan and National associations.

It is the city's first organization of fire and casualty agents. President is L. F. Worden; vice-president, Fred Nesbitt; secretary, Gorham Mannin.

The formal organization followed a meeting of about 35 agents with Russell A. Bradley, Ann Arbor, Michigan association president; Waldo O. Hildebrand, Lansing, secretary-manager of the state body, and four Kalamazoo agents.

Buyers Parley in Neb. Draws Group of 125

About 125 agents and buyers were present at Fremont, at the third in a series of regional conferences being conducted as the public relations program of Nebraska Assn. of Insurance Agents.

These conferences have proved highly successful and the purpose is to take the industry to the public. The mechanics of the conferences are handled by the local agents and the stock companies furnish speakers and assist in publicity.

Main speaker at Fremont was Robert A. Nelson, assistant western manager of Atlas, his subject being "The Role of Insurance in Modern Industry." Then there was a panel consisting of William A. Mudie, New York Underwriters, dealing with business interruption insurance; Alexander McDonough, Travelers, workmen's compensation; Ed Nagel, Home, on co-insurance; Forest Riddell, National Surety, liability insurance, and A. L. Wells, Phoenix of Hartford, on property valuations.

Presiding officer was George Barker, Jr., of the Foster-Barker agency, Omaha. Overall committee chairman was R. A. Johnston, Fremont State Co.

There is to be a similar conference at Hastings, May 26; McCook, June 17; North Platte, June 22; Scottsbluff, Aug. 3; and Norfolk, Sept. 8.

Ohio Mutual Agents Elect

H. P. Young of Columbus is the new president of the Ohio Assn. of Mutual Insurance Agents. Ellis Roberts of Springfield is vice-president and Mrs. Mina Gorsuch Clark of Bucyrus, secretary. New directors are Robert H. White, Akron, and Raymond G. Wahn, Defiance.

EAST

Butler to Be Headliner at Conn. Mid-Year Meeting

HARTFORD — Charles P. Butler, executive vice-president of the National Assn. of Insurance Agents, will speak at the midyear meeting of Connecticut Assn. of Insurance Agents at Shuttle Meadow Country Club, New Britain, June 7.

Other speakers will include Hugh Donovan, secretary of the Connecticut C.P.C.U. chapter, who will talk on "Can You Meet the Challenge?" and William A. Sherry of the William T. Beasley agency, New Haven, on "Direct Writer and You." The New Haven association will present an entertainment sketch entitled "The Time is Now."

Hall Named for 25th Term

NEWARK—Underwriters Protective Assn., which controls the Newark Salvage Corps, has elected William A. Hall, Jr., president for his 25th term.

F. S. Lindsay, American, is vice-president and secretary; William B. Reardon, Firemen's, vice-president and chairman of executive committee; Philip C. Abney, Firemen's, treasurer.

The organization is celebrating its 70th anniversary.

Cosgrove Speaks in N. J.

Speaker at the May dinner meeting of Hunterdon County Insurance Agents Assn. at High Bridge, N. J., was John N. Cosgrove, director of public relations and education for American.

New Regional Board Is Organized in Colorado

A number of directors of Colorado Assn. of Insurance Agents attended a dinner at La Junta for the formal organization of the agents of the Arkansas Valley into a local board. Agents present from La Junta, Rocky Ford and Las Animas indicated their desire to establish such an organization and temporary officers were elected; Ralph E. Austin, La Junta, chairman, and Thomas M. Sisson, La Junta, secretary.

Two of the present directors of the state association now reside in the Arkansas Valley. They are Mr. Austin and Fred R. Kelly of Rocky Ford. Other state directors present were Charles D. Hopkins, president, Colorado Springs; Fred W. Noe, treasurer, Greeley, and Thurston W. Jenkins, William D. Sanborn and L. Allen Beck of Denver. Two agents from Pueblo, Martin Moore, III, president of the Pueblo Board, and Sam H. Butler, who is a member of the N.A.I.A. membership committee, also attended. The directors returned to Pueblo for a meeting of the state board at which plans were discussed for the annual convention of the Colorado association at Pueblo, Sept. 30-Oct. 1.

King County Assn. Meets

SEATTLE—More than 60 agents attended a meeting of King County Insurance Assn. E. R. Bowden, legislative chairman, outlined the progress of the referendum campaign on the UCD law. J. R. Storm, president, and Irwin Mesher, executive secretary, reported on the Far West Agents Conference and N.A.I.A. mid-year meeting at San Francisco. R. C. Jenner, LaBow, Haynes Co., a member of the state contact committee, told of the recent meeting with the Washington advisory committee at San Francisco.

Thomas A. Harman, general chairman, reported on plans for the Washington association convention at Seattle Aug. 28-30.

Ore. Regional Meetings

Oregon Assn. of Insurance Agents conducted regional meetings at McMinnville and Astoria. Speaking on current activities of the state and National associations were J. Don Smith, Eugene, president; Harold S. Hays, Portland, chairman; E. M. Stadel, Portland, executive secretary, and three members of the executive committee; Charles H. Huggins, Salem; Fred C. Reed, Portland, and Marshall Brown, Portland.

Takes Two New Companies

The Brown General Agency of Seattle has been appointed to represent Superior of Dallas, writing all casualty lines, including automobile, and Underwriters Ins. Co., a stock fire company affiliated with the Warner reciprocals, for Washington, Oregon and Idaho.

Martin Forms New Agency

Stanley Martin, formerly surety department manager of United Pacific at San Francisco, is returning to Seattle to launch a new local agency known as Miller, Ames & Martin. The firm is affiliated with Miller & Ames, San Francisco brokers.

Mont. Marshal to Retire

HELENA—John W. Carney will retire as state fire marshal June 1, ending about 36 years as a state employee. Clyde Gummow, deputy fire marshal for 2½ years will succeed Mr. Carney.

Mr. Carney was in the state fish and game department from 1913 to 1935, when he was appointed deputy fire marshal. After two years on the job, he left the department for a time but returned in 1942 to become state fire marshal. A party is planned in his honor for May 31.

Anger to Newhouse & Sayre

W. Robert Anger has left Cravens, Dargan & Co. at Seattle to become manager of Newhouse & Sayre's Seattle office. He succeeds G. Frank Brown, who is transferred to Los Angeles as manager there for Newhouse & Sayre.

M. & M. Promotions at Seattle

Marsh & McLennan have announced several promotions in the Seattle organization. Harry L. Ross has been named manager of the fire department and Joseph B. Danz has been appointed head of the casualty division. Joel B. Staadecker has been named production manager.

Stage Inland Marine Panel

Portland (Ore.) Assn. of Insurance Agents at its monthly meeting staged a panel discussion on inland marine coverages.

Colridge Forum Speaker

LOS ANGELES—Frank C. Colridge, manager of Pacific Board, told Insurance Forum of Los Angeles of his experiences with N.A.I.A. and gave a resume of the plans of the board. He said it has a three-fold program, for education, research and public relations, both internal and external.

Hail Fund for Fruit Men

British Columbia Fruit Growers Assn. has decided to set up its own hail insurance fund which, through the association, will be operated by fruit growers throughout the province. The scheme will be financed by means of individual pool deductions on a per package basis.

Arnott to Vancouver

George S. Arnott, superintendent of agencies in western Canada for St. Paul Fire & Marine, has been transferred to Vancouver, where he will concentrate on the British Columbia field. J. L. Tremlett has been appointed superintendent of agencies for Alberta.

Theo Castle, former special agent for Chapman & Co. for many years and for the past few months with the brokerage firm of Sahati & Hansen at San Francisco, has been appointed manager of Argo Insurance Agency, subsidiary of Morris Plan Investors Corp.

H. D. Lasell, Aberdeen, Wash., local agent, is convalescing from injuries suffered in an automobile accident.

Insurance Women of Los Angeles have elected these officers: President, Frances B. Gray, Maryland Casualty; vice-president, Lila Reed, John Krebheil agency; secretaries, Blanche Schmidt, James Hall agency and Gladys Stafford, American Associated; treasurer, Rachael Newman, H. F. Ahmanson, Inc.; editor, Kathryn A. King, L. Porter Hendricks Co.

Mississippi Assn. of Insurance Agents has awarded its annual scholarship of \$100 to George L. Quinnelly, a senior in the school of commerce and business administration at University of Mississippi. The award is made to the most promising student in the course in general insurance.

Statisticians 800 Strong Hold Rally

(CONTINUED FROM PAGE 19)

accountant and statistician is good for the companies. He said that the only thing that pays off in the insurance business is good judgment, and he declared that the judgment of insurance management is no better than the accuracy and completeness of the material that the accountants and statisticians provide. Statistics, he declared, are useful only when they form a basis for judgment.

In the realm of regulation, Mr. Hurley declared that the states have not won a secure victory yet. The campaign will not be won until the cooperation between states and the insurance business is such as to make it crystal clear that state insurance supervision has afforded its own proof that it is best in the public interest and that sound insurance companies can grow and prosper, and meet the needs of the public.

Adequate supervision in one or a few states is not enough. There must be uniformity in regulation. Progress has been made in this direction but such progress has to be multiplied many times if authoritarian federal control is to be escaped.

The regulation 30 problem and interstate rating indicate the need for greatly expanded cooperation between the states and insurance.

Scans Economic Scene

Mr. Hurley went on to look at the general economic scene and said the big question today is whether the country is entering a mild recession or a serious depression. He ventured the opinion that no one knows. New factors of unpredictable weight make the economic scene particularly puzzling. No one today has very firm faith in his own forecasts. Modern rearmament is costly to an unprecedented extent. He expressed the belief that it cannot be afforded for an indefinite period without a fiscal breakdown. Rearmament is nearly as costly as waging a war. He pointed out that the value of our money has been debased 50% due to the second war. He said that uncertain prices that prevail today are nearly as bad for the economy as high prices. We are not now in a depression but there is a real danger of talking ourselves into one, he declared. Confidence and courage should be the watchword. He counseled against crossing the bridge of the next depression until it is come to.

Hear Lamble, Van der Feen

There were messages from special guests including John Lamble, vice-president of North Star Reinsurance as president of Insurance Accountants Assn., and C. G. Van der Feen of National Surety, president of Assn. of Casualty & Surety Accountants & Statisticians. The latter pointed out that the group that he was addressing constitutes the only joint forum for life, A. & H., fire, marine, casualty-surety, etc. He said there is the utmost necessity these days for the various elements in the business to get together because the day of multiple line underwriting powers is here. So far, he remarked, the life insurance people occupy a secluded portion of heaven but, he said, if they had participated in some of the discussions that are currently taking place in the fire-casualty fields, he wonders how secure the life people would feel.

Then a talk was given by E. F. O'Toole of New York, the management consultant. He emphasized the necessity of securing the willing cooperation and assistance of the operating personnel in the establishment of a cost analysis program.

H. A. Clark, vice-president and western manager of Firemen's and president of Western Insurance Bureau, gave a well received paper. Mr. Clark had developed much insurance historical lore in all branches of the business including life, and this he presented in appetizing fashion. He spoke of the importance of promoting intelligent thinking about in-

surance from the national standpoint. The public should have a better understanding of the magnitude of insurance, they should know more about how the insurance resources are put to work for the public good. The case for insurance should be stated boldly and with no apologies. The business is responsive to the demands of progress under the requirements of the common welfare.

Chase M. Smith, general counsel of Kemper insurance, addressed the luncheon session. He observed that today the accountants and statisticians are an integral part of sales and management activities, and all departments must work hand in hand. The very life of an alert sales staff depends upon an alert statistical department, and in the Kemper organization, opportunities for producing a profitable line of business and remedying an unsatisfactory activity are as apt to be produced in the imagination of the mathematicians as anywhere else.

Cost of Selling and Competition

Mr. Smith said that most of the advocates of the welfare state and what is called the social security system demand a government insurance plan in order to eliminate the cost of selling and of competition, which means cutting out agents or salesmen and to eliminate the cost of administration which means "you."

The unthinking, he declared, are apt to leap to the conclusion that since insurance is a necessity there ought to be no salesmen and that with no cost of selling, the insurance money would go much further.

Mr. Smith stated flatly that the idea will not work. The salesman is the architect of the free social security system. By the efforts of the insurance salesman, more people are insured against more perils and a greater aggregate of savings for the future than any people on earth. The salesmen have created the desire, they have laid out the plans, persuaded the people one by one and inch by inch to make themselves secure. Each year shows enormous aggregate gains, the while maintaining the delicate balances and adjustments in human life and the financial system necessary to keep a civilized society on the move. The security schemes under totalitarian governments equal a loaf of bread and a potato or two, and they mean almost nothing in the creation of a happy and really secure life. An iron fist or government decree has never in history created either happiness or security. He said that everything that there is from an automobile to a frigidaire to a hair curler is something that a sales genius has put in your hands.

Miss the Point

Government insurance advocates miss the fact that it is the absence of so-called government security and the absence of government business that is responsible for the fact that the U. S. has the greatest warmaking power, the greatest production of material, the greatest personal freedom and the highest standard of living.

Insurance was an absolute necessity during the war and it remains an absolute necessity during times of peace. It is a method by which the misfortune and losses of a few are paid by the contributions of a group. It is the system by which people save their money for future use. Destroy this system and you have either the dislocations and the stress that come from individual misfortune or you have the same job done by the government and no one relishes the idea of having a government determine how much and for what purpose he will save, how much he will be paid for a loss, or what he will use his money for if he collects a loss.

The saving of personal work if the government does this job is zero. There is merely turned loose on the public a horde of government employees running an insurance system for the benefit of

some politicians and kicking the people around, because a state monopoly has no incentive to run a system that accommodates itself to the needs of the people or which is attractive to them.

Mr. Smith said that a responsible state officer expressed the opinion to him that the public system of unemployment insurance could be underwritten by private companies with a vast benefit to the public in expense of operation and cost of the entire system. Screening of claims would rid the public of the cost of unnecessary payments, weed out fraudulent claimants, and serve to provide real unemployment benefits when they are deserved. Private administration of this with salesmen, management and labor working together would produce greater benefits, more equitable plans and greater satisfaction than the present monopolistic static and frozen programs. "Every goldbricker and loafer in the world, the people whose only object in life is to be unemployed as often and as long as possible, ride this politically administered unemployment scheme to death." There is no golden road to social security. In urging members of his audience to make the fullest use of their talents in public and civic affairs, he said communism is never a problem and socialism is never a problem where citizens are able to think and where the best of the people spend the best of their time in public affairs.

Sessions Are Departmentalized

Except for the opening session and the luncheon the proceedings were departmentalized.

Thomas O. Carlson, actuary of National Bureau of Casualty Underwriters, in addressing one group, gave a lucid explanation of automobile third party rate making procedures and indicated some of the problems involved. He pointed out that the bureau has, in its rate revisions, confined itself to the utilization of experience of its own members and subscribers, on the theory that the rates developed for the use of such insurers should reflect their practices in the underwriting and servicing of risks. This has been the focal point of much pressure from various sources, particularly among the supervisory authorities, but the permissive intent of the law in this respect is unmistakable in most states. Such pressure, he said, may often be motivated by a desire for simplification that blocks out considerations of reasonableness and equity.

Mr. Carlson remarked that the curtailment of statistics during the war brought the business to the threshold of regulation with virtually no detailed data available. The recognition accorded by the state authorities to the exigencies of the situation and their widespread acceptance of rate proposals during the interim before properly reliable data under statistical plans became available, bear testimony to the realistic approach they have taken.

Need Common Sense

Pointing out that the most common requirements to be satisfied by rates are that they shall not be excessive, inadequate or unfairly discriminatory, the speaker said a large measure of old-fashioned common sense must be used in the application of such requirements. They are not good subjects for technicalistic hair-splitting.

The application of credibility factors ranging from zero to 100% and based on the volume of experience being reviewed in connection with recent revisions, prevents the chance occurrence of extraordinary experience either unfavorable or favorable, from affecting the proposed rates too radically, and also introduces consistency so that each state is treated in the same manner. At the outset, rather deep-seated and completely unfounded beliefs were found in the minds of certain state officials that their states were being discriminated against. The formula approach has been invaluable in dispelling such beliefs.

There is an obligation on the part of authorities to be reasonable and not to impose impassable hurdles in the way

of justification of revisions. Purely local considerations sometimes cast shadows far out of proportion to their truly proper significance. Authorities must bear in mind the broader countrywide situation.

He observed that after several rounds of rate increases, reductions are now beginning to appear. Questioning of rate reductions can be as vigorous as on rate increases, because while the credibility formula holds increases to a point considerably below the actual indication where a limited volume of business is involved, the reductions are similarly limited. The same credibility factor that gave far too great recognition to an indicated increase may, in the eyes of some authorities, give far too little recognition to an indicated reduction. Mr. Carlson said this is the best evidence that the credibility determination has been fair and reasonable. It has been equally unsatisfactory, which is to say, satisfactory, in the tempering of increases and of reductions.

The time lag problem arising out of the use of policy year statistics needs further attention, he said. This has been somewhat alleviated by the collection of monthly data on average paid claim costs and on claim frequencies expressed in terms of premiums in force but other sources of information should be investigated. There is considerable time lag between the trend of living costs and their effect on B. I. loss costs. This creates a problem in the field of public relations. There are some classifications for which the experience, even of all insurers combined, is so sparse that it may be necessary for a review to be based on experience beyond the state. In the field of credibility, the queries that have been recently raised indicate that investigation should be undertaken to determine whether more satisfactory methods may not be developed. No formula should be considered as having attained the distinction of being mathematically sacrosanct.

Another problem to receive attention is the practicability of utilizing fleet experience in the rating processes.

Loss Reserve, and Taxes

Brady O. Bryson of the law firm of Chapman & Bryson of New York gave a talk on loss reserves and federal income taxes. He pointed out that despite the fact that in May of 1948, the tax court in the Columbia Casualty decision, held that the internal revenue code entitles a casualty insurer to the deduction of schedule P loss reserves, the commissioner of internal revenue continues to follow a policy of allowing only case estimates and checking them against developments on a hindsight basis, apparently permitting a 15% maximum allowance for error. The courts take one view and the bureau continues to take another, and the taxpayer is caught in the middle. If an insurer has accepted the bureau position its loss reserve as recognized for tax purposes may be less than the proper amount under the court decision and the possibility of a refund based on a greater tax deduction may exist. On the other hand, a retroactive change-over to the schedule P basis may show that the understatement of the reserve occurred in years now closed. In any event, the bureau seems determined to require insurers that want schedule P treatment to relitigate the Columbia Casualty issue.

In any final solution that comes about there must be some way to protect those companies that have, under bureau pressure, used the pure case method in computing tax liabilities.

The speaker said that there is a movement currently to abandon schedule P in the statement blank and return to a case basis implemented by development data intended to reveal the soundness of the insurer's case estimates in prior years. His counsel was that some simple statistical minimum based on loss development data, or other factors acceptable to both the bureau and the industry, and even if used only for tax purposes, should be devised before the schedule P protection is abandoned.

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The Most Common Crime is taking that
which belongs to others. Three out of
four win their stripes that way.

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Scene of a Momentous Meeting

"Good claret, good bread, cold ham, tongues and mutton" were served by Admiral Lord Howe when three Signers of the Declaration of Independence visited him on September 11, 1776. The occasion, however, was not a social meeting, but the first peace conference of the United States, arranged by the British in the hope of ending the Revolution.

The meeting place was the home of the Billopp family on Staten Island in New York harbor. The three Signers whom Congress authorized to hear Admiral Howe's proposition were Benjamin Franklin, John Adams

and Edward Rutledge. Despite the gravity of the situation, all three committeemen conducted themselves with the utmost good nature and parried Howe's remarks with witty rejoinders which evidently baffled him. When he declared that if America were to fall, "I should feel and lament it like the loss of a brother," Franklin replied with a bow and a smile, "We will use our utmost endeavors to save your lordship that mortification." The admiral completely missed the point.

The conference soon ended, for Admiral Howe's basis for peace was the colonists' abandonment of independence, while the delegates emphatically refused to consider such terms.

Built before 1688, though the exact date is unknown, the Billopp house was old even at the time of the conference. The property was granted in 1676 to Christopher Billopp, captain in the British Navy, and remained in his family's possession for many years.

When the British occupied Staten Island during the Revolution, the house was owned by Colonel Christopher Billopp, the captain's great-grandson, and was being used as a barracks at the time of the peace conference. Suspected of Loyalist sympathies, Billopp was twice taken from his home and temporarily put in irons. On one of these occasions, after watching him through a spyglass from a church steeple in nearby Perth Amboy, a band of patriots rowed



This old print, showing rear view of the house, is evidence that restoration was highly necessary

across and took him captive.

Fortunately, the thick fieldstone walls of the Conference House have withstood the ravages of time and mistreatment, and it has been restored through the generosity of various organizations and private donors. It is now owned by New York City and is maintained by the Conference House Association as a memorial to the three committeemen and their re-affirmation of the Declaration of Independence.

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The three American delegates hear Howe's ultimatum

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